

WEST VALLEY CITY

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2005

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WEST VALLEY CITY, UTAH
Comprehensive Annual Financial Report
Year Ended June 30, 2005

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WEST VALLEY CITY

Unity • Pride • Progress

November 22, 2005

Honorable Mayor and Members of the City Council
West Valley City, Utah

Mayor and City Council:

The Comprehensive Annual Financial Report (CAFR) of West Valley City, Utah (the City), for the fiscal year ended June 30, 2005 is herewith submitted. This report has been prepared by the City's Finance Department. The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report has been prepared to strictly follow the guidelines recommended by the Government Finance Officers Association (GFOA). Those governments whose annual financial reports are judged to conform substantially with high standards of public financial reporting including generally accepted accounting principles promulgated by the Government Accounting Standards Board, may be awarded a Certificate of Achievement for Excellence in Financial Reporting.

This year's report has been revised to comply with the financial reporting model required by the Governmental Accounting Standards Board (GASB) Statement 34. In addition to the fund financial information currently presented in the City's financial statements, this report includes government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net assets of the City, including all capital assets (including infrastructure) and a Statement of Activities that shows the cost of providing government services.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

In accordance with the GFOA's guidelines, the accompanying report consists of three parts:

1. **Introductory Section:** Letter of transmittal to the City from the City Manager, the City's organizational chart, and a list of principal officials.
2. **Financial Section:** Management's discussion and analysis, the City's basic financial statements, and a report of the City's independent auditors on the financial statements.
3. **Statistical Section:** Tables and selected data depicting the financial history of the City for the past 10 years and demographic and other useful information.

The City is required to undergo a single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the schedule of expenditures of federal awards and independent auditors' report on compliance and on internal control over financial reporting, is included in a separate report issued to the City dated November 4, 2005.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. A full range of municipal services excluding water, sewer, and electricity are provided by this municipality. Revenues within the general fund are utilized by the City to provide public safety including fire, police, and ordinance enforcement. Other services provided are streets, stormwater drainage, golf courses, E Center, Hale Centre Theatre, Family Fitness Center, Cultural Celebration Center, sanitation, parks, planning & zoning, general legislative, and administrative services.

The City operates a number of special revenue funds, including a Building Authority, Redevelopment Agency, E Center Fund, Hale Centre Theatre Fund, Fitness Center Fund, Sanitation Fund, Stormwater Drainage Fund, Cultural Celebration Center, Grants Fund, and Impact Fee Funds for Roads, Parks, Fire, Police, and Flood Control. The Building Authority is used to accumulate resources to service lease revenue bonds issued to finance the construction of several major facilities, including the West Valley Event Center, Hale Centre Theatre at Harman Hall, and the Fitness Center. The Redevelopment Agency assists businesses seeking to locate within the City, and identifies and renovates blighted areas of the City. The E Center Fund shows the results of operations of the West Valley Event Center (E Center). The Hale Centre Theatre Fund shows the results of operations of the Hale Centre Theatre at Harman Hall. The Fitness Center Fund shows the results of operations of the new West Valley Fitness Center. The Sanitation Fund was created to match waste collection revenues and expenditures. The Stormwater Drainage Fund accounts for revenues and expenditures related to the City's stormwater drainage fee. The Utah Cultural Celebration Center (Cultural Center) was constructed to provide a facility for ethnic and cultural groups to meet, perform, and display the diversity of cultures which make up the City. The Grants Fund was created to match and segregate grant-related revenues and expenditures which were previously included in the General Fund. The Road, Park, Fire, Police, and Flood Control Impact Fee Funds utilize impact fees charged on new construction in the City to provide capital improvements and infrastructure required by the new growth.

The City operates four enterprise funds. West Ridge Golf Course provides a buffer zone for the Alliant Techsystem Inc. (formerly Hercules Inc.) facility as well as a recreation area for the

community. Stonebridge Golf Course provides a high-quality recreation facility, as well as providing green space within the City's business and industrial areas. The City's Housing Authority assists in providing low-cost housing to low-income residents. The City also created a new ambulance service enterprise fund and as of June 30, 2005 was in the process of acquiring equipment and preparing to begin service to the City's residents.

West Valley City owns the E Center, an events center including a hockey arena, which is operated by Centennial Management. It currently is the home of the Utah Grizzlies, and was the venue of the 2002 Winter Olympics for men's hockey. It is also used for concerts, basketball tournaments, and other public events.

Salt Lake County, Granite School District, Granger Hunter Improvement District, Magna Water Company, Magna Mosquito Abatement District, Taylorsville Bennion Improvement District, Kearns Improvement District, Central Utah Water Conservation District, Salt Lake County Mosquito Abatement District, and Salt Lake County Water Conservancy District do not meet the criteria to be included in the reporting entity, and are therefore excluded from this CAFR.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. We believe the City's internal accounting controls adequately safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

The City's accounting records for general government operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprise funds are on an accrual basis.

By State law, the City Manager of West Valley City is required to submit a proposed budget to the City Council by the first regularly scheduled meeting of the City Council in May. The City Council then reviews with the City Manager, through the budget hearing process, all budget requests. The City Council then adopts a tentative budget, which is then placed before the public to review. Comments are received, problems and recommendations are considered, then after due consideration, the City Council ultimately adopts a budget before June 22 if no tax increase is considered. If a tax increase is proposed, an additional advertising and public hearing process is required with an ultimate budget adoption date before August 17.

The City's budget is an annual budget with monthly budget allotments recommended by the Department Heads. The Finance Department places the budget allotments, as approved by the City Manager, on the financial system, making funds available for spending in each appropriate month. The City has been on a monthly budget allotment system for more than twenty years and found it to be beneficial for planning cash flow and controlling spending.

GENERAL GOVERNMENT FUNCTIONS

The following schedule presents summaries of all revenues and expenditures for the General Fund for the fiscal years ended June 30, 2005 and 2004, and the percentage of increases and decreases compared to the prior year. Total revenues in 2005 increased by \$3,849,994, a 7.6% increase from 2004; expenditures increased \$32,516, up 0.07% from 2004. Sales and use taxes increased because of new stores bringing retail sales to the City, and helped by the recovering economy. Licenses and permits decreased due to a drop in building permits and associated fees.

Decreased Intergovernmental revenues reflected a decrease in Class C tax funds received from the State of Utah. Fines and forfeitures decreased due to decreased citations issued by the City Police Department, as recent efforts to enforce safer driving by residents resulted in fewer violations. Interest on investments remained low because of low investment interest rates, and reflecting the City's need to use previous reserves to make up for previous years' disappointing revenues. Special Improvement Districts showed a one-time increase for expected SID property foreclosure proceeds. Land sales increased from the previous year due to the sale of a large block of West Ridge property to Ivory Developers, and the sale of the former District Court building to the State Court.

The City's Legislative expenditures decreased due to biennial election expenditures incurred in the first half of 2004. Administrative expenditures decreased from the previous year because of the Administration's decision to eliminate the Community and Media Relations division. Some of the division's staff were relocated to other departments while others left City employment. Police Department expenditures increased because of increased personnel compensation, and additional programs funded through various grants. Community Development's increase was caused by increased staffing, and by increased employee compensation implemented during the fiscal year. Non-departmental expenditures decreased from the previous year as a result of lower asset construction and acquisition costs. Debt service costs decreased as several bonds and capital leases were paid off. Overall general fund expenditures were maintained at the 2004 level.

<u>Revenues General Fund</u>	<u>FY 2003- 2004</u>	<u>FY 2004- 2005</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
General Property Taxes	\$12,175,651	\$12,093,568	(\$82,083)	(0.67)%
Sales and Use Taxes	15,134,079	16,812,611	1,678,532	11.09%
Utility Taxes (Franchise)	6,997,395	7,246,470	249,075	3.56%
Licenses and Permits	3,149,510	2,861,618	(287,892)	(9.14)%
Intergovernmental	4,065,085	3,260,863	(804,222)	(19.78)%
Fines and Forfeitures	4,325,697	3,750,382	(575,315)	(13.30)%
Charges for Services	1,579,292	1,768,443	189,151	11.98%
Interest on Investments	590,565	509,687	(80,878)	(13.70)%
Special Improvement Districts	659,357	841,275	181,918	27.59%
Sale of Land	1,085,000	4,555,159	3,470,159	319.83%
Miscellaneous	1,062,569	974,118	(88,451)	(8.32)%
TOTAL	\$50,824,200	\$54,674,194	\$3,849,994	7.58%

<u>Operating Expenditures General Fund</u>	<u>FY 2003- 2004</u>	<u>FY 2004- 2005</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Legislative	\$571,291	\$415,877	(\$155,414)	(27.20)%
Administrative	4,756,177	4,523,139	(233,038)	(4.90)%
Legal	1,929,364	1,981,705	52,341	2.71%
Finance	1,179,953	1,327,489	147,536	12.50%
Non Departmental	339,200	351,450	12,250	3.61%
Police	15,432,355	16,521,074	1,088,719	7.05%
Fire	7,176,644	7,342,895	166,251	2.32%
Highways and Public Improvements	5,606,009	5,609,082	3,073	0.05%
Parks and Recreation	1,331,030	1,388,871	57,841	4.35%
Community Development	2,211,542	2,432,422	220,880	9.99%
Other Nondepartmental	2,783,702	2,583,819	(199,883)	(7.18)%
Debt Service	5,484,178	4,356,138	(1,128,040)	(20.57)%
TOTAL	\$48,801,445	\$48,833,961	\$32,516	0.07%

DEBT ADMINISTRATION

West Valley City has no bonded general obligation debt. However, we recognize the need to have the ability to issue revenue bonds and utilize lease purchasing.

The ratios of net debt to the assessed valuation of taxable property and the amount of the general debt per capita are useful indicators of the City's debt position for municipal management, citizens, and investors. This data for West Valley City, at the end of the 2005 fiscal year is as follows:

Governmental Activities Long-term Liabilities	\$144,016,804
Legal Limit of General Obligation Debt	\$216,894,314
Ratio of Debt to Assessed Value	3.53%
Ratio of Debt to Percent Market Value	2.66%
Debt Per Capita	\$1,203.03

BOND RATING

West Valley City's conservative position with regard to debt management resulted in Standard & Poor's Ratings Services (S&P) and Fitch IBCA, Inc. both assigning municipal bond ratings of "AA-" to the City.

CASH MANAGEMENT

West Valley City has in place a depository contract with Zions Bank in Salt Lake City, Utah, which is an agreement concerning all deposited money. The bank pays interest monthly based on the average daily sweep account balance. The rate is adjusted based on the 90-day Treasury Note rates and then reported to the city. The city deposits and invests all funds as allowed under the Utah Money Management Act. During fiscal year 2004-2005 the general fund was able to maintain \$10,474,629 as an average investment, which earned interest of \$366,612 with an average interest rate of 3.5%. During the same fiscal year the other funds were able to earn interest of \$265,109 on an average balance of \$7,574,543. The City also earned interest on unspent bond proceeds and debt reserves held by bond trustees. The total interest earnings to the city during fiscal year 2004-2005 was \$3,294,534. Of this total, \$509,687 was earned by the general fund; the balance of \$2,784,847 was earned by the Capital Improvements Fund, special revenue funds, and enterprise funds.

GENERAL FIXED ASSETS

As of June 30, 2005, the capital assets of the City, net of depreciation, were \$320,404,155. Assets are used in the performance of general government functions. This amount represents the original cost of the assets, with the exception of infrastructure acquired at the time of the City's incorporation in 1980. These assets are valued at estimated cost adjusted for inflation. As of June 30, 2005, the City is required by GASB 34 to include infrastructure in capital assets. Infrastructure includes major and minor streets, right-of-ways, sidewalks, bridges, traffic signals, and stormwater drainage structures. Donated assets are capitalized at their fair value on the date received. In accordance with GASB 34, depreciation is not recognized for governmental funds at the fund level, but is included on the entity-wide financial statements. Depreciation is recognized in the West Ridge Golf Course, Stonebridge Golf Course, Housing Authority, and Ambulance Service enterprise funds.

ECONOMIC CONDITION AND OUTLOOK

After several years of economic stagnation, the City is starting to show signs of recovery. Sales and use tax is growing slightly, and several large new businesses have established new outlets. Interest rates, though still low, raised somewhat in response to the overall economy, allowing the City to earn more on its investments. Intergovernmental revenue sources, including federal CDBG Grant and state B&C Roads tax funding, are becoming tighter. Despite the tight economy, the City has been able to maintain its focus on major aspects of its strategic plan, and continue to accommodate the service requirements mandated by its recent growth, while holding fiscal year 2005 general fund expenditures at the 2004 level.

The highlight of the City's economic activity is centered around the following projects:

West Valley E Center

The \$57.5 million E Center, located east of I-215 at 3200 South, opened September 1997 and is the focal point of the City's expanding business activity. As the centerpiece of the Civic Center, the 10,400 seat arena is the home of the Utah Grizzlies professional hockey team. The E Center served as the venue for men's ice hockey during the 2002 Winter Olympics. The Center is also used for collegiate and high school athletic events, concerts, circuses, ice shows, rodeos, conventions, and a variety of special events.

Located southeast of the E Center is the \$9.8 million, 525 seat Hale Centre Theatre at Harman Hall. Completion and dedication of this magnificent theater-in-round coincided with founder Ruth Hale's 90th birthday on October 1st, 1998. This popular theater draws thousands to its year-round shows, and since its opening has already expanded its available stage areas.

The 57-acre site around the E Center now has more than 500 hotel rooms; a variety of restaurants; and a 153,400 square foot Carmike cinema and amusement center featuring 16 movie screens, many family oriented activities, a children's game area and food court.

In addition to the E Center bringing an important entertainment dimension to Salt Lake County, it also stimulates economic development. As development continues, employment within the project area is expected to include over 100 long-term permanent full-time jobs, and 300 part-time jobs. Using a multiplier factor for subsequent jobs created in the greater community, it is anticipated that an additional 400 jobs will result from operation of the E Center. The nearly 2,000 potential new jobs from development in and around the E Center have a potential to infuse the regional economy with payroll wages in excess of \$40 million. Additionally, the E Center, Hale Centre Theatre, and surrounding businesses have raised the City's profile among Salt Lake valley residents; it is now more than ever a destination for valley residents and visitors.

Lake Park Corporate Center

Located just west of Bangerter Highway and 2400 South, Lake Park Corporate Center's 875 acres make it the largest office/recreation complex in the state. Owned and developed by Zions Securities, Phase I of the Park includes 375 acres for deluxe office campuses, such as the three story, 2,000 employee regional headquarters for Discover Credit Card, and the corporate headquarters for Intermountain Health Care. When completed, the park may employ as many as 12,000 workers. The remaining acreage is designed to preserve and enhance the natural habitat

for birds and other wildlife, utilizing a 27-hole Johnny Miller golf course, and a multitude of lakes, trails and open space. During fiscal year 2002 the City purchased the golf course (Stonebridge Golf Course) to provide recreation opportunities within the City, and ensure continuing green space.

5600 West

The 5600 West corridor area continues to be the City's fastest developing area. The street has been widened to accommodate increased traffic as the City's population continues to grow in this area, and businesses are taking advantage of the increased access and population base. The largest of the new businesses is Wal Mart, which opened a Super Wal Mart during the 2004 fiscal year. Several other major retail enterprises have opened, and more are planning to open in the near future in this area. This growth is providing a healthy boost to the City's tax base. The 20,000 capacity amphitheater operated by United Concerts/Pristine Alpine Entertainment had a number of high-profile concerts scheduled throughout the summer season. The state of the art facility further raises West Valley City's profile as an entertainment destination, as well as further opening the West Ridge area for development.

MAJOR INITIATIVES

STRATEGIC PLAN

West Valley City's administration annually updates the strategic plan first created several years ago. This strategic plan includes input from both citizens and City administrators, reflecting the most important needs and expectations citizens have for the City organization. The City's administration and City Council have found this input to be very valuable in determining the direction of the City's growth and allocation of resources. The objectives identified in the current strategic plan are as follows:

1. Community and Economic Development
2. Public Safety
3. Transportation
4. Citizen Development

Many of the programs developed and implemented in past budget years in response to concerns highlighted in the strategic plan continue to produce positive results for the improvement and progress of the West Valley City community. Although these programs continue, they will not be detailed in this letter unless significant change has occurred.

COMMUNITY PLANNING - TAKING CHARGE OF GROWTH

The City's recent growth has reinforced the need for proactive planning, to be able to act positively, and not react to community pressures. The City is implementing an integrated GIS system, which ties together several diverse services with common ties to City geographical locations, providing a common database. It is also employing a long-range planner to anticipate future City needs. In addition, the City maintains an active Economic Development Department and Redevelopment Agency to guide and upgrade the City's business and economic base. During the year the City completed an economic development plan which guided and focused efforts in each of the geographic commercial areas of the City according to need and likely

success. Much effort was put into an overall design, zoning and marketing effort for the City Center redevelopment.

PUBLIC SAFETY

The City has been actively responding to the citizens' concerns in this area, having increased the police force by more than 70% since 1993. The police department is coordinating efforts with the Community and Media Relations division on the Weed & Seed program to improve neighborhoods and remove some of the causes of juvenile crime. The concept of "village policing" is being implemented through Community Oriented Policing, increasing positive police/citizen interaction and officers' familiarity with "their" neighborhoods. The City has upgraded communication and car-mounted computer equipment for its Police officers, helping to increase the efficiency of the personnel.

JUSTICE COURT

The upgraded Justice Court has fulfilled expectations in prosecuting crimes and providing tighter control over citations issued in West Valley City. Collections have increased significantly, and violators who previously ignored citations are now being held accountable. This increased enforcement tool has added to the effectiveness of City programs such as the ACE program, and traffic enforcement to control the increasing volume of vehicle use. The public safety building acquired by the City provides space for the expanded Justice Court on its main floor with a new, state of the art facility. Its proximity to the police facilities enhances both departments' operations and inter-department coordination.

FIRE AND MEDICAL

The City's fire department is implementing a five-year plan to upgrade staffing levels, facilities, apparatus, equipment, and special needs of the department. Property taxes received from Salt Lake County are being used to provide paramedic services, giving citizens better service for their property tax dollars. The City is also preparing to institute ambulance service, providing prompt service and highly trained, comprehensive emergency response. A new Ambulance Service enterprise fund was created and equipment purchased during the year. At year-end, staff were being acquired and trained, anticipating beginning ambulance responses in the next several months. The City's Fire Department is also participating in training citizens in the Community Emergency Response Team (CERT) program.

TRANSPORTATION ENHANCEMENTS

As West Valley City grows, increased capacity on the City's streets becomes more important. The City has been studying methods of facilitating traffic flow and improving transportation systems. These improvements include a coordinated signal system, and continuing a six-year street resurfacing program to maintain the City's infrastructure investment. During 2004-2005 the City started or continued major street improvement projects including 3200 West, 6000 West, 2700 West, and Charles Drive. The City also installed significant infrastructure upgrades in the area off 5600 West used by a number of salvage yards, creating a special improvement district to fund the improvements. As population continues to grow, mass transit must play an increasingly important role. The City is working with neighboring cities on mass transit issues, including developing an environmental impact statement addressing the feasibility of putting in a light rail spur into the

City. The City has begun acquiring properties in anticipation of creation of an intermodal transportation hub in coordination with UDOT and UTA.

CITIZEN DEVELOPMENT

The City is constantly working to improve communications between citizens and City staff; a City website has been set up to provide online access to City information, along with a public access television channel. A bi-monthly newsletter is also mailed out to citizens. Citizen input is actively requested in bringing issues to the City's attention. City CDBG grant resources are being used to provide assistance to elderly and disabled citizens, funding emergency repairs they could not otherwise afford. In addition, the Healthy West Valley City initiative is promoting community awareness and opportunities for health care and healthy living practices. The City's after-school program partnership is also seeing success, with existing projects expanding, and new ones such as the Hands on Science Outreach program being added.

SUMMARY

The City's economic and social environment continues to change, reflecting the larger society around it. Changes in property taxes, increasing e-commerce, and changes in the overall economy present challenges in projecting revenues; at the same time, a growing, changing City population requires the City to meet changing needs. The need for effective long-range planning is more important than ever. The stagnant economy of the past several years has taken a toll on the ability of the City to fund operations. Worthwhile, necessary projects have been delayed till funding becomes available.

That the City is able to accomplish so much during a period of tight economic circumstances is a tribute to the planning and commitment of the Mayor and Council. The coordinated efforts of finishing current projects while extending on to new planning efforts are only possible when continued direction and commitment are present, together with good management and focus of a dedicated staff. West Valley continues to show itself a leader in this area as it stacks success upon success.

ACKNOWLEDGMENTS

West Valley City continues to establish itself as a major and vital part of the greater Salt Lake Valley metropolitan area. Increasingly, West Valley City plays a leadership role in all aspects of life here. That the City continues to move so far, so quickly, can be attributed to the vision and dedication to pursuing common goals and objectives identified, defined and then carried out by the community as a whole, including residents, businesses, the City's staff, and especially its elected officials. They have to make the ongoing and often difficult decisions about how best to guide the City towards the brightest future possible. Without them as cooperative, unselfish and dedicated head of the City, the vision that guides it would remain only a vision.

There is no subsidy for programs from prior operating periods through an infusion of funds from the General Fund Balance. These significant achievements are a result of the Mayor and Council's dedication to strong planning through the Strategic Plan and their continued commitment to achieve effective government for the citizens of West Valley City.

CONCLUSION

Citizens of West Valley City can take great pride in their City. The City has successfully implemented the Strategic Plan, while at the same time providing services, recreation and lifestyle opportunities, and infrastructure improvements required by a growing citizen base. Achievements of this magnitude are only possible with clear direction from the Mayor and Council and good management from Executive Staff. The debt service obligations are current and the City continues to move forward.

RISK MANAGEMENT

The City participates in a risk management pool which covers all property and liability insurance claims in excess of \$25,000, which is the deductible. Third-party coverage also exists for workers' compensation and health insurance. The City is self-insured up to \$250,000 per event/per occurrence for workers compensation claims. In addition, safety programs and other measures to reduce loss have been implemented.

POST-EMPLOYMENT BENEFITS

The City offers no post-employment benefits except for retirement plan benefits as discussed in the notes to the financial statements. However, terminated employees have the option of purchasing their own health insurance under the IHC COBRA provisions. Those employees who retire also have the opportunity to purchase the COBRA plan offered by the City.

INDEPENDENT AUDIT

State law and City Municipal Code require the financial statements of West Valley City to be audited annually by a Certified Public Accountant selected by the City Council. This requirement has been complied with and the auditor's opinion is included in the Financial Section of this report.

This report has been audited by the firm of Jensen & Keddington, P.C., whose examination was made for the purpose of forming an opinion on the basic financial statements. As stated in the report, the independent auditors have given an unqualified opinion that the City's basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Achievement for Excellence in Financial Reporting to West Valley City for its Comprehensive Annual Financial Reports for the fiscal years ended June 30, 1991, and 1993 through 2004. The Certificate of Achievement is a prestigious award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents

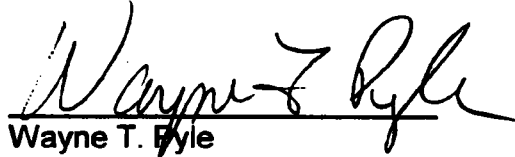
conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this report conforms to the Certificate of Achievement Program requirements and is being submitted to the GFOA.

ACKNOWLEDGMENTS

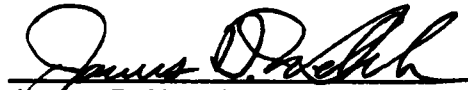
The timely preparation of this report was achieved by the efficient and dedicated accomplishments of the entire staff of West Valley City, to whom we offer our sincere appreciation.

Respectfully submitted,

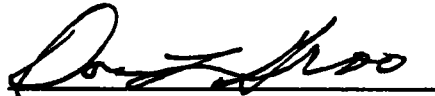
WEST VALLEY CITY



Wayne T. Fyle
City Manager



James D. Welch
Finance Director



Don L. Groo
Chief Accountant

WEST VALLEY CITY, UTAH

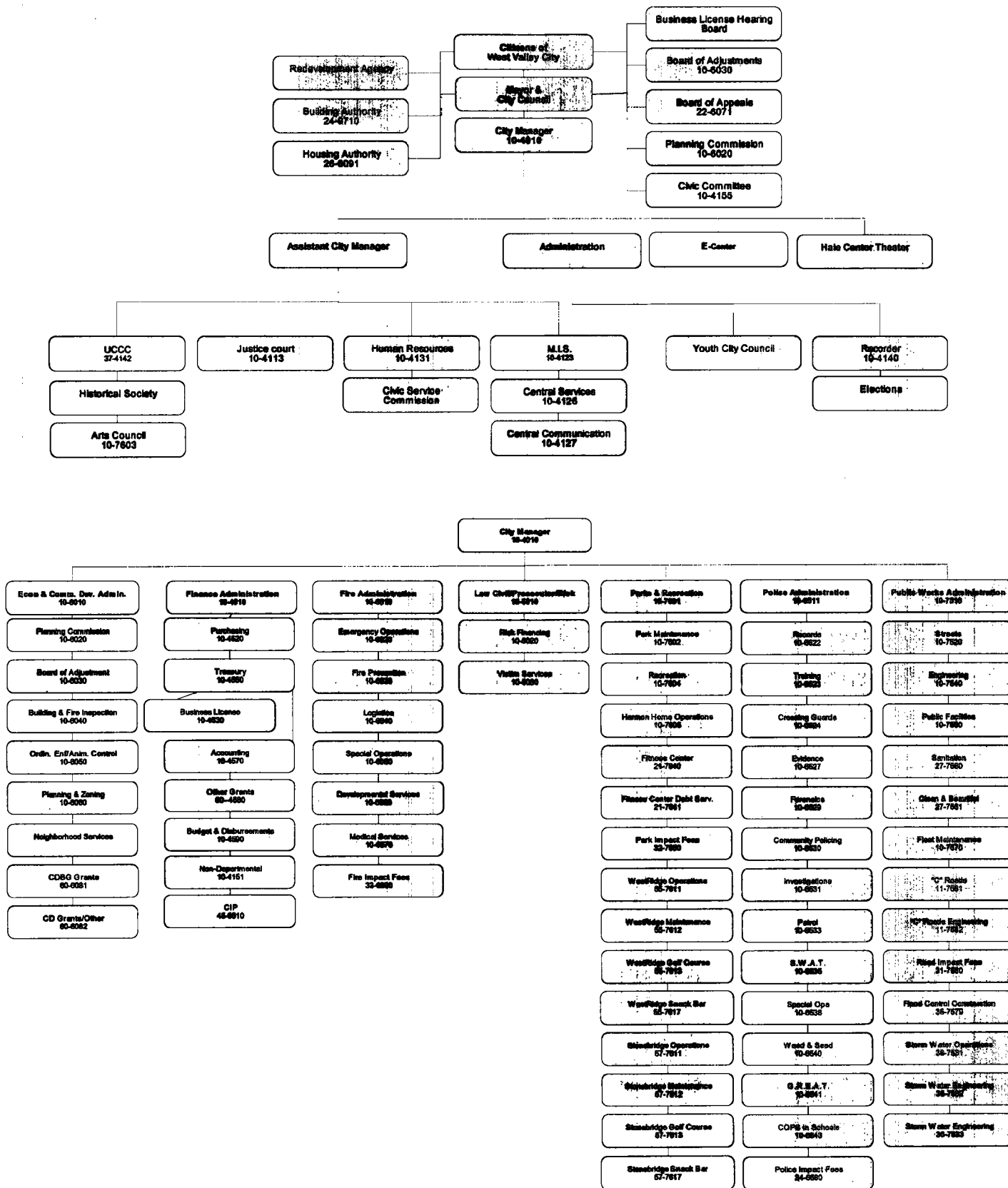
PRINCIPAL OFFICIALS

June 30, 2005

Dennis Nordfelt	Mayor
Margaret Peterson	Councilmember - At Large
Barbara Thomas	Councilmember - At Large
Carolynn Burt	Councilmember - Dist. 1
Joel Coleman	Councilmember - Dist. 2
Russel K. Brooks	Councilmember - Dist. 3
Steve Vincent	Councilmember - Dist. 4
Wayne T. Pyle	City Manager
Paul D. Isaac	Assistant City Manager
Sheri McKendrick	City Recorder
John C. Evans	Fire Chief
Joseph L. Moore	Community Development Director
J. Richard Catten	City Attorney
Thayle "Buzz" Nielsen	Police Chief
James D. Welch	Finance Director
Russell B. Willardson	Public Works Director
Kevin Astill	Parks and Recreation Director
Kendall D. Olsen	City Treasurer

West Valley City Organizational Chart

June 30, 2005



Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Valley City,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enns

Executive Director



INDEPENDENT AUDITOR'S REPORT

Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

Honorable Mayor and
Members of City Council
West Valley City
West Valley City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Valley City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of West Valley City as of June 30, 2005, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2005 on our consideration of West Valley City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and information about infrastructure assets reported using the modified approach, as noted on the table of contents, are not required parts of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise West Valley City basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Jensen & Keddington

November 4, 2005

**WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005**

As management of West Valley City (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- As of the end of the current fiscal year, the assets of the City exceeded its liabilities by \$229,919,920 (net assets). Of this amount \$53,274,668 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net assets of \$229,919,920 are made up of \$162,323,910 in capital assets net of related debt and \$67,596,010 in other net assets.
- The City's total long-term liabilities decreased by \$4,814,887.
- The City's Redevelopment Agency refunded tax increment bonds in the amount of \$6,170,000.
- The City established an Ambulance Service enterprise fund, purchasing ambulances and other equipment worth \$1,134,818 financed with capital leases.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of West Valley City's finances, in a manner similar to a private-sector business.

- The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The *statement of activities* presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of West Valley City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and public improvements, parks and recreation, and Community and Economic Development.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

The government-wide financial statements include not only the City itself, but the following blended component units. The West Valley City Housing Authority (Housing Authority), and West Valley City Building Authority (Building Authority), and West Valley City Redevelopment Agency (Redevelopment Agency) are legally separate entities governed by boards appointed by the City Council, consisting of the City Council members. For financial reporting purposes, the Housing Authority, Building Authority, and Redevelopment Agency are reported as if they were part of the City's operations because their governing boards are the City Council. Therefore, the City Council is financially accountable and has significant influence over the programs, projects, activities, and level of services performed or provided by the organizations.

Fund financial statements

A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* These funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable* resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Building Authority Fund, and Redevelopment Agency Fund, which are considered to be major funds. Data from the other 13 governmental funds are combined into a single combined column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report. Budgetary comparison schedules have been provided to demonstrate compliance with those budgets.

- *Proprietary funds* West Valley City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its West Ridge Golf Course, Stonebridge Golf Course, Housing Authority and Ambulance Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. West Ridge Golf Course and Stonebridge Golf Course are classified as major funds and are included on the Statement of Net Assets-Proprietary Fund within this report. Data from the other two proprietary funds are combined into a single combined column. Individual fund data for each of these non-major proprietary funds is provided in the form of *combining statements* elsewhere in the report. The basic proprietary fund financial statements can be found as listed in the table of contents.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$229,919,920 at the close of the most recent year. By far the largest portion of the City's net assets (\$162,323,910 or 70.6%) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure assets), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

West Valley City's Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business-type Activities 2005	Business-type Activities 2004
Current and other assets	\$ 95,505,731	\$ 94,070,179	\$ 3,056,235	\$ 2,878,030
Capital assets	301,412,891	303,147,147	18,991,264	18,407,500
Total Assets	<u>\$ 396,918,622</u>	<u>\$ 397,217,326</u>	<u>\$ 22,047,499</u>	<u>\$ 21,285,530</u>
Current and other liabilities	\$ 29,311,774	\$ 29,412,451	\$ 801,852	\$ 874,505
Long-term liabilities	144,016,804	149,406,935	14,915,771	14,340,527
Total Liabilities	<u>\$ 173,328,578</u>	<u>\$ 178,819,386</u>	<u>\$ 15,717,623</u>	<u>\$ 15,215,032</u>
Net assets:				
Invested in capital assets, net of related debt	\$ 157,396,087	\$ 153,740,212	\$ 4,927,823	\$ 4,066,978
Restricted	13,834,532	10,339,305	486,810	525,615
Unrestricted	52,359,425	54,318,423	915,243	1,477,905
Total Net Assets	<u>\$ 223,590,044</u>	<u>\$ 218,397,940</u>	<u>\$ 6,329,876</u>	<u>\$ 6,070,498</u>

An additional portion of West Valley City's net assets of \$14,321,342 (6.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$53,274,668) may be used to meet the government's ongoing obligations to citizens and creditors.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

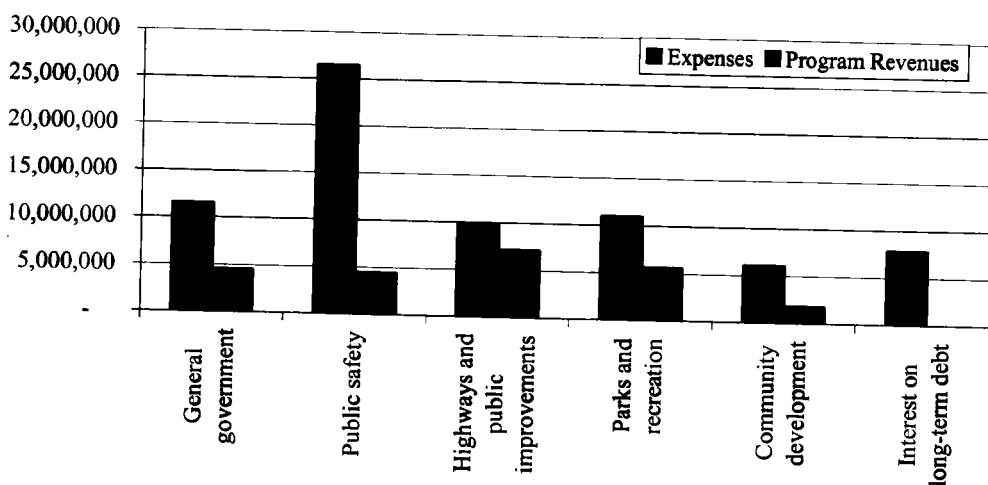
West Valley City's Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business-type Activities 2005	Business-type Activities 2004
Revenues:				
Program revenues:				
Charges for services	\$ 23,511,281	\$ 24,335,753	\$ 2,596,952	\$ 2,803,016
Operating grants and contributions	9,127,696	7,746,195	3,114,782	3,398,479
Capital grants and contributions	3,994,890	3,388,585		
General revenues:				
Property taxes	15,879,503	16,978,654		
Sales taxes	17,061,625	15,375,398		
Franchise taxes	7,246,471	6,997,395		
Other taxes	95,913	242,612		
Unrestricted investment earnings	464,754	3,163,666	32,865	18,857
Gain (loss) on disposition of assets	1,309,349	(942,375)		
Other revenues	214,412	735,524		
Total Revenues	78,905,894	78,021,407	5,744,599	6,220,352
Expenses:				
General government	11,529,739	10,236,884		
Public safety	26,441,432	25,586,567		
Highways and public improvements	9,758,769	10,258,509		
Parks and recreation	10,933,550	11,345,149		
Community development	6,033,403	6,324,663		
Interest on long-term debt	7,845,883	8,538,694		
Golf courses			3,412,172	3,654,627
Housing Authority			3,223,787	3,614,721
Ambulance			20,276	
Total Expenses	72,542,776	72,290,466	6,656,235	7,269,348
Increase in net assets before transfers	6,363,118	5,730,941	(911,636)	(1,048,996)
Transfers	(1,171,014)	(567,660)	1,171,014	567,660
Increase in Net Assets	5,192,104	5,163,281	259,378	(481,336)
Net Assets - Beginning	218,397,940	207,930,465	6,070,498	6,551,834
Prior Period Adjustment	-	5,304,194		
Net Assets - Ending	\$ 223,590,044	\$ 218,397,940	\$ 6,329,876	\$ 6,070,498

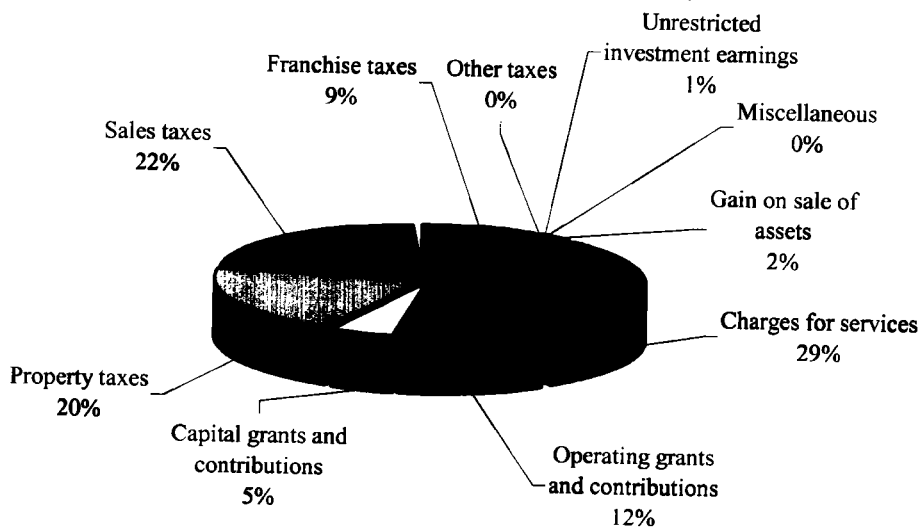
WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

The following graphs display the government-side activities for governmental activities reflected in the above tables. The program revenues on the graph below do not include general revenue such as property tax, sales taxes, etc., as listed on the preceding page.

Expenses and Program Revenues - Governmental Activities



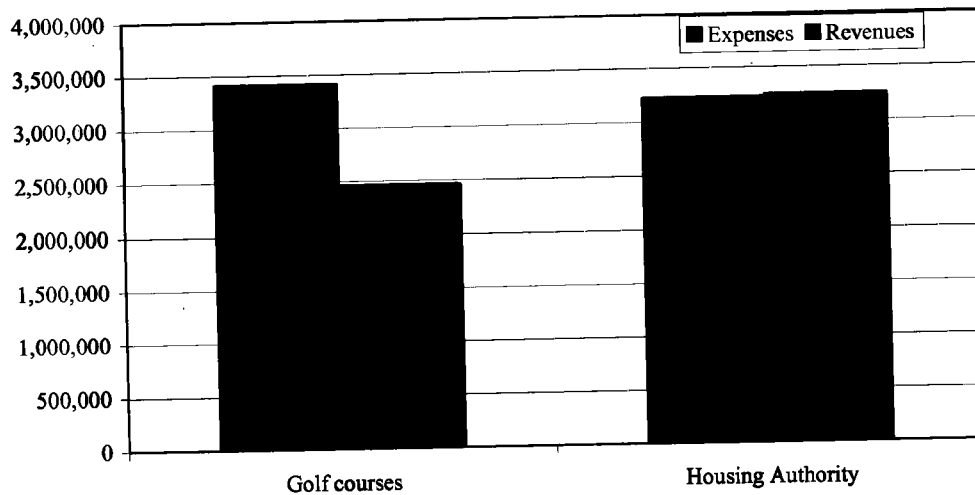
Revenues by Source - Governmental Activities



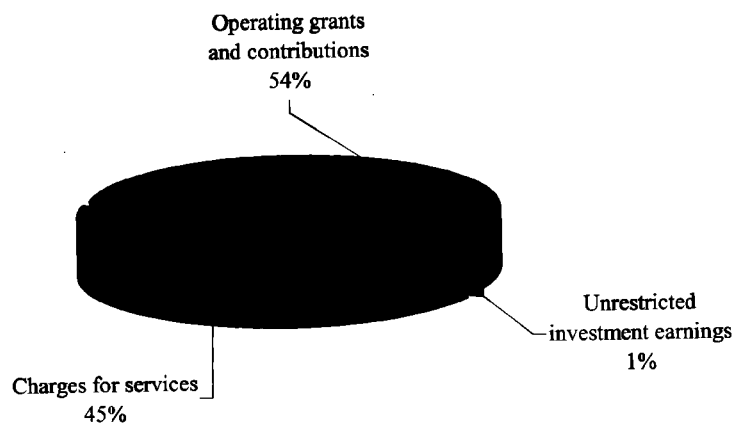
**WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005**

Business-type activities. Business-type activities increased in the City's net assets by \$259,378. As of the end of the current fiscal year, West Ridge Golf Course and the Housing Authority reported positive net assets. Stonebridge Golf Course reported negative net assets of \$2,300,406 and Ambulance Fund reported negative net assets of \$20,276.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

Financial Analysis of the Government's Funds

As noted earlier, West Valley City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year. West Valley City has three Major Governmental Funds: the General Fund, Redevelopment Agency, and Municipal Building Authority.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,105,068. Of this total amount \$10,670,536 (36.7%) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service and for future development.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,508,722 while total fund balance reached a total of \$16,966,397. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.1% of total general fund expenditures, while total fund balance represents 34.0% of that same amount.

The Redevelopment Agency of West Valley City was created by the City Council with the authority and responsibility for redeveloping and upgrading blighted areas of the City. The members of the City Council are also members of the Redevelopment Agency's Board of Directors and, as such, are authorized to transact business and exercise their power to plan, engineer, and carry out projects of the Redevelopment Agency. Fund balance at the end of the year was \$2,158,060 with \$11,975,460 in assets composed of cash and equivalents, property tax increment receivable, receivables due from the City, and land held for future development.

The Municipal Building Authority of West Valley City was created under the provisions of the Utah Municipal Building Authority Act to acquire, build, improve and finance building projects on behalf of the City. Projects of the Municipal Building Authority include: the E-Center Arena, West Ridge Golf Course, and various additional building projects.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the West Ridge Golf Course fund at the end of the year amounted to \$231,531. Revenues and expenses both decreased with a decrease of \$63,358 (5.5%) and a decrease of \$161,630 (13.1%) respectively. Net transfers decreased by \$79,674.

Unrestricted net assets of the Stonebridge Golf Course fund at the end of the year amounted to a deficit of \$1,119,676, while total net assets decreased by \$125,631 to a deficit net asset balance of \$2,300,406.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

General Fund Budgetary Highlights

During the fiscal year, the General Fund's original budget was amended from an original budget expenditure total of \$48,637,696 to a final budget of \$55,462,441, an increase of \$6,824,745. These increases can be briefly summarized as follows:

- \$2,736,558 in increases in non-departmental maintenance and construction.
- \$3,600,613 in increases allocated for highways and public improvements.
- \$138,400 in increases allocated to parks and recreation.
- \$168,624 in decreases in general government.
- \$106,084 in increases in public safety.
- \$198,185 in increases in community development.
- \$213,529 in increases in debt service.

Of these increases, \$2,132,144 was to be funded out of operating and capital donations, \$3,745,288 was from the State "C" Roads allotment, \$347,313 came from increased fines and forfeitures, and \$600,000 was from sale of City-owned land.

Capital Assets and Debt Administration

Capital assets. West Valley City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$320,404,155 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, furniture and equipment, and infrastructure. The total decrease in the City's investment in capital assets for the current year was 0.36% (a 0.57% decrease for governmental activities and a 3.17% increase for business-type activities)

West Valley City's Capital Assets
(Net of Depreciation)

	Governmental Activities 2005	Governmental Activities 2004	Business - type Activities 2005	Business - type Activities 2004
Land	\$ 19,311,032	\$ 19,578,272	\$ 12,993,938	\$ 12,993,938
Infrastructure	178,651,733	173,729,949		
Buildings	96,316,137	100,440,662	3,376,713	3,507,612
Improvements other than buildings			909,683	998,142
Machinery and equipment	6,845,148	9,080,859	1,710,930	905,157
Furniture and equipment	61,527	53,174	-	2,651
Construction in progress	227,314	264,231		
Total Capital Assets	<u>\$ 301,412,891</u>	<u>\$ 303,147,147</u>	<u>\$ 18,991,264</u>	<u>\$ 18,407,500</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Infrastructure. The City has adopted an allowable alternative to reporting depreciation for three of seven infrastructure subsystems in the transportation network. Under this alternative method, referred to as the "modified approach," the City must maintain as asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005

Major Streets

The condition of the major streets pavement is measured using the Transportation Asset Management System. This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 20. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows: Roads with a RSL rating of 20 years are considered in excellent condition, those with ratings of 14-19 years are considered in "very good" condition, those with ratings of 10-13 years are considered in "good" condition, those with ratings 6-9 years are considered in "fair" condition, those with ratings of 2-5 years are considered in "poor" condition, and those with ratings of 0-1 years are considered in "failed" condition.

It is the City's policy to maintain at least 80% of all major streets (by mileage) at or above the "fair to excellent" condition level. The City performs a complete condition assessment on each major street every three years. A condition assessment on the major streets was performed in this period and the next condition assessment is scheduled to be done during the spring of 2008.

In 2005, the City spent \$482,849 to maintain and preserve its major streets. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$612,000. Estimated costs were reduced from the prior year because ongoing preventive maintenance has reduced the need for major repair expenditures. The actual costs dropped due to a decrease in major street reconstruction projects in 2005. This activity is expected to rise again in the coming year.

Minor Streets

The condition of the City's minor streets pavement subsystem is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street.

The minor street subsystem is on a six-year resealing schedule. Minor streets are assigned a condition level based on the length of time since last being resurfaced, verified and amended by periodic physical inspection. Streets slurry-sealed the prior year are considered in the "excellent" category, streets slurry-sealed two to four years earlier are considered in the "good" category, streets slurry-sealed five to six years earlier (scheduled to be redone in the current year) are considered in the "fair" category. Streets which have deteriorated to an extent requiring extensive resurfacing, probably including structural improvements, are considered in the "poor" category.

It is the City's policy to maintain at least 80% of its minor streets (by mileage) at or above the "fair" condition level. The City performs a complete condition assessment on 1/6 of all minor streets annually under its current maintenance policy. The condition assessment completed in 2004 shows that 99% of the City's minor streets were in "fair" or better condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of six years, it will be able to report the required information.

In 2005, the City spent \$565,702 to maintain and preserve its minor streets. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$900,000. Estimated costs increased based on an anticipated increase in the number of minor streets requiring maintenance. The actual costs decreased from the prior year because ongoing preventive maintenance has reduced the need for major repair expenditures.

Sidewalks

The condition of the City's sidewalks subsystem is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each street which has accompanying sidewalk. Sidewalks are assigned a condition category based on physical inspection. Sidewalks showing no defects are considered in the "excellent/good" category, sidewalks with light spalling and less than 1" displacement are

**WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005**

considered in the "fair" category, sidewalks with light spalling and 1" to 2" displacement are considered in the "poor" category, and sidewalks with heavy spalling or more than 2" displacement are considered in the "failed" category.

It is the City's policy to maintain a minimum of 95% of sidewalks (by length) in the "excellent/good" category. The City performs a complete condition assessment on its sidewalks every three years. The condition assessment completed in 2003 shows that 98% of the City's sidewalks were in "excellent/good" condition. GASB standards require reporting the last three complete condition assessments and needed-to-actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

In 2005, the City spent \$53,211 to maintain and preserve its sidewalks. These actual maintenance and preservation costs were less than the estimated maintenance and preservation costs of \$90,000. The savings are a result of the City's ability to reach its target condition level with less than budgeted expenditures.

Long-term debt. At the end of the current year, the City had total debt outstanding of \$158,932,575. The total amount is debt that is secured solely by specific revenue sources (i.e. revenue bonds). The debt shown below is net of the related debt issuance costs and/or unamortized premiums.

West Valley City's Outstanding Debt

	Governmental Activities 2005	Governmental Activities 2004	Business - type Activities 2005	Business - type Activities 2004
Revenue bonds	\$ 137,138,084	\$ 143,284,316	\$ 13,783,053	\$ 14,340,527
Note payable	4,505,088	3,189,000		
Capital leases	1,024,816	1,721,871	1,132,718	
Compensated Absences	1,348,816	1,211,748		
Total	<u>\$ 144,016,804</u>	<u>\$ 149,406,935</u>	<u>\$ 14,915,771</u>	<u>\$ 14,340,527</u>

During the current fiscal year the City's total debt decreased by \$4,814,887. The City maintains an "AA-" rating from Fitch and from Standard & Poor's.

State statutes limit the amount of general obligation debt that a governmental entity may issue to 4% of its total taxable value. The current limitation for the City is \$216,894,314. The City currently has no outstanding general obligation debt. In addition, state statute allows for an additional 4% to be used for water, sewer, or electrical projects thus resulting in a debt limit of 8% of total taxable value. The current limitation for these water, sewer, or electrical projects is \$216,894,314. The City has no debt of this type.

Additional information on the City's long-term debt can be found in the footnotes to this financial report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Salt Lake County (of which West Valley City is the second largest city) was 4.7%. This compares with a state unemployment rate of 4.7% and a national rate of 5.0%. This compares with previous year's rates of 6.1%, 4.6%, and 5.5% respectively. (Source: Utah Department of Workforce Service).

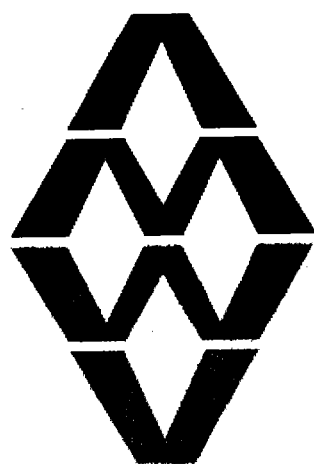
**WEST VALLEY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2005**

- The General Fund budget for the fiscal year ending June 30, 2005 reflects an increase of \$8,298,881 over the final budget for the fiscal year ending June 30, 2004.
- Economic trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2005 fiscal year.

Request for Information

This financial report is designed to provide a general overview of West Valley City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: West Valley City, Finance Director, 3600 Constitution Boulevard, West Valley City, UT 84119.



BASIC FINANCIAL STATEMENTS

WEST VALLEY CITY
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 20,614,093	\$ 1,139,488	\$ 21,753,581
Receivables:			
Accounts, net	2,767,676	114,532	2,882,208
Taxes	17,893,960		17,893,960
Intergovernmental	4,539,023		4,539,023
Loans receivable	872,866		872,866
Prepays	25,146	11,925	37,071
Inventories	60,723	121,783	182,506
Restricted assets:			
Cash and cash equivalents	13,456,512	1,668,507	15,125,019
Investments	33,949,343		33,949,343
Intergovernmental receivable	636,975		636,975
Land held for resale	685,864		685,864
Capital assets not being depreciated:			
Land and collectibles	19,311,032	12,993,938	32,304,970
Infrastructure	173,457,259		173,457,259
Construction in progress	227,314		227,314
Capital assets net of accumulated depreciation:			
Buildings	96,316,137	3,376,713	99,692,850
Improvements other than buildings		909,683	909,683
Machinery and equipment	6,845,148	1,710,930	8,556,078
Furniture and equipment	61,527		61,527
Infrastructure	5,194,474		5,194,474
Other assets	3,550		3,550
Total Assets	<u>\$ 396,918,622</u>	<u>\$ 22,047,499</u>	<u>\$ 418,966,121</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF NET ASSETS (Continued)
June 30, 2005

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 1,788,662	\$ 331,106	\$ 2,119,768
Accrued liabilities	5,332,340	148,282	5,480,622
Accrued interest payable	2,399,555	322,464	2,722,019
Developer and customer deposits	1,251,223		1,251,223
Liabilities payable from restricted assets	552,657		552,657
Unearned revenue	17,987,337		17,987,337
Noncurrent liabilities:			
Due within one year	39,635,177	752,655	40,387,832
Due in more than one year	104,381,627	14,163,116	118,544,743
Total Liabilities	173,328,578	15,717,623	189,046,201
Net Assets:			
Invested in capital assets, net of related debt	157,396,087	4,927,823	162,323,910
Restricted for:			
Debt Service	6,111,281		6,111,281
Future development	7,723,251		7,723,251
Housing Authority		486,810	486,810
Unrestricted	52,359,425	915,243	53,274,668
Total Net Assets	223,590,044	6,329,876	229,919,920
Total Liabilities and Net Assets	\$ 396,918,622	\$ 22,047,499	\$ 418,966,121

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2005

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General government	\$ 11,529,739	\$ 4,558,459	\$ 156,612	\$ 93,669	\$ (6,720,999)	\$	\$ (6,720,999)
Public safety	26,441,432	4,456,272	1,545,536		(20,439,624)		(20,439,624)
Highway and public improvements	9,758,769	7,147,035	3,071,244	3,877,221	4,336,731		4,336,731
Parks and recreation	10,933,550	5,599,415	27,140	24,000	(5,282,995)		(5,282,995)
Community development	6,033,403	1,750,100	4,327,164		43,861		43,861
Interest on long-term debt	7,845,883				(7,845,883)		(7,845,883)
Total Governmental Activities	72,542,776	23,511,281	9,127,696	3,994,890	(35,908,909)		(35,908,909)
Business-type Activities:							
Golf courses	3,412,172	2,461,906				(950,266)	(950,266)
Housing authority	3,223,787	135,046	3,114,782			26,041	26,041
Ambulance	20,276					(20,276)	(20,276)
Total Business-type Activities	6,656,235	2,596,952	3,114,782	0		(944,501)	(944,501)
Total Government	\$ 79,199,011	\$ 26,108,233	\$ 12,242,478	\$ 3,994,890	\$ (35,908,909)	\$ (944,501)	\$ (36,853,410)
General Revenues:							
			Property taxes		\$ 15,879,503	\$	\$ 15,879,503
			Sales taxes		17,061,625		17,061,625
			Franchise taxes		7,246,471		7,246,471
			Other taxes		95,913		95,913
			Unrestricted investment earnings		464,754	32,865	497,619
			Gain on disposition of capital assets		1,309,349		1,309,349
			Other revenues		214,412		214,412
			Transfers		(1,171,014)	1,171,014	0
			Total General Revenues and Transfers		41,101,013	1,203,879	42,304,892
Changes in Net Assets							
			Net Assets, Beginning		5,192,104	259,378	5,451,482
			Net Assets, Ending		218,397,940	6,070,498	224,468,438
					\$ 223,590,044	\$ 6,329,876	\$ 229,919,920

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2005

	General	Building Authority	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,496,737	\$ 3,605,679	\$ 1,964,890	\$ 6,546,787	\$ 20,614,093
Receivables:					
Accounts, net	885,854			1,881,822	2,767,676
Taxes	13,393,960		4,500,000		17,893,960
Intergovernmental	3,093,810			1,445,213	4,539,023
Loan receivables				872,866	872,866
Prepays				25,146	25,146
Due from other funds	6,491,599		4,158,582		10,650,181
Note receivable	4,600,000				4,600,000
Inventory	60,679			44	60,723
Land held for resale			685,864		685,864
Security deposits				3,550	3,550
Restricted assets:					
Cash and cash equivalents	4,240,020	3,956,842	666,124	4,593,526	13,456,512
Investments		33,949,343			33,949,343
Intergovernmental receivable	636,975				636,975
Total Assets	<u>\$ 41,899,634</u>	<u>\$ 41,511,864</u>	<u>\$ 11,975,460</u>	<u>\$ 15,368,954</u>	<u>\$ 110,755,912</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 828,309	\$ 24,489	\$ 615,336	\$ 320,528	\$ 1,788,662
Accrued liabilities	4,507,159		26,928	798,253	5,332,340
Developer and customer deposits	1,251,223				1,251,223
Due to other funds			4,666,236	5,983,945	10,650,181
Unearned revenue	17,895,781	34,030,212	4,508,900	1,040,888	57,475,781
Notes payable		4,600,000			4,600,000
Liabilities payable from restricted assets	450,765			101,892	552,657
Total Liabilities	<u>24,933,237</u>	<u>38,654,701</u>	<u>9,817,400</u>	<u>8,245,506</u>	<u>81,650,844</u>
Fund Balances:					
Reserved for:					
Debt service	1,488,315	3,956,842	666,124		6,111,281
Future development	3,369,360			4,353,891	7,723,251
Long-term note receivable	4,600,000				4,600,000
Unreserved, reported in:					
General fund	7,508,722				7,508,722
Special revenue funds		(1,099,679)	1,491,936	(167,567)	224,690
Capital projects fund				2,937,124	2,937,124
Total Fund Balances	<u>16,966,397</u>	<u>2,857,163</u>	<u>2,158,060</u>	<u>7,123,448</u>	<u>29,105,068</u>
Total Liabilities and Fund Balances	<u>\$ 41,899,634</u>	<u>\$ 41,511,864</u>	<u>\$ 11,975,460</u>	<u>\$ 15,368,954</u>	<u>\$ 110,755,912</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balance - Governmental Funds	\$ 29,105,068
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	301,412,891
Deferred revenues on the Governmental Funds - Balance Sheet that are accounted for as net assets, long term liabilities, and interest income on the Statement of Net Assets	39,488,444
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(2,399,555)
Long-term liabilities, including bonds, capital leases, notes, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	<u>(144,016,804)</u>
Total Net Assets - Governmental Activities	<u>\$ 223,590,044</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Building Authority	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 36,152,649	\$	\$ 4,772,138	\$ 249,015	\$ 41,173,802
Fees and passes				8,665,743	8,665,743
Licenses and permits	2,861,618				2,861,618
Intergovernmental	3,260,863			3,562,735	6,823,598
Fines and forfeitures	3,750,382				3,750,382
Charges for services	1,768,443				1,768,443
Rental income				3,107,069	3,107,069
Interest	509,687	2,595,347	102,536	54,099	3,261,669
Special assessments	841,275				841,275
Miscellaneous	974,118		5,057	351,398	1,330,573
Total Revenues	50,119,035	2,595,347	4,879,731	15,990,059	73,584,172
Expenditures:					
Current:					
General government	8,599,660			228,616	8,828,276
Public safety	23,863,969			1,415,536	25,279,505
Highways and public improvements	5,609,082			5,803,117	11,412,199
Parks and recreation	1,388,871			5,967,080	7,355,951
Community development	2,432,422			1,358,427	3,790,849
Other nondepartmental	2,583,819				2,583,819
Redevelopment Agency			2,426,294		2,426,294
Debt service:					
Principal	2,855,976	2,489,650	140,000	456,829	5,942,455
Interest	1,500,162	5,815,226	426,050	187,742	7,929,180
Capital outlay:		139,528		11,187	150,715
Total Expenditures	48,833,961	8,444,404	2,992,344	15,428,534	75,699,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,285,074	(5,849,057)	1,887,387	561,525	(2,115,071)
Other Financing Sources (Uses):					
Refunding bonds issued			6,319,468		6,319,468
Payment to refunded bond escrow agent			(6,178,129)		(6,178,129)
Notes payable issued	1,429,088				1,429,088
Bond retirement, due to sale of assets	(1,026,000)				(1,026,000)
Transfers in	3,003,213	6,075,068	15,038	4,637,591	13,730,910
Transfers out	(7,300,726)	(250,352)	(684,984)	(6,665,862)	(14,901,924)
Sale of capital assets	4,555,159				4,555,159
Total Other Financing Sources (Uses)	660,734	5,824,716	(528,607)	(2,028,271)	3,928,572
Net Change in Fund Balances	1,945,808	(24,341)	1,358,780	(1,466,746)	1,813,501
Fund Balances, Beginning	15,020,589	2,881,504	799,280	8,590,194	27,291,567
Fund Balances, Ending	\$ 16,966,397	\$ 2,857,163	\$ 2,158,060	\$ 7,123,448	\$ 29,105,068

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 1,813,501
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(6,292,444)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Assets.	7,132,662
Government funds report the proceeds from the disposal of capital assets, while the Statement of Activities does not report these proceeds.	(4,555,160)
The Statement of Activities report the gain or loss on the disposal of capital assets, while the governmental funds do not report gains or losses.	1,309,350
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	12,988,572
In the Statement of Activities interest is accrued on noncurrent liabilities, whereas in governmental funds, an interest expense is reported when due.	104,241
Proceeds from issuance of noncurrent liabilities is recorded as income in the governmental funds. However, the issuance of noncurrent liabilities is recorded as a liability in the Statement of Net Assets.	(7,598,441)
Disbursements and repayments of housing loans are accounted for as revenues and expenditures, respectively, in the government funds, and they are not recorded as revenues or expenses for the Statement of Activities.	(9,095)
The amortization of the discount on investments is accounted for as deferred revenue on the Statement of Net Assets, but is recorded as interest income in the governmental funds.	298,918
Change in Net Assets - Governmental Activities	\$ 5,192,104

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 35,872,789	\$ 34,683,046	\$ 36,152,649	\$ 1,469,603
Licenses and permits	3,123,000	3,123,000	2,861,618	(261,382)
Intergovernmental	3,914,000	7,659,288	3,260,863	(4,398,425)
Fines and forfeitures	3,939,611	4,286,924	3,750,382	(536,542)
Charges for services	1,320,327	1,383,735	1,768,443	384,708
Interest	384,175	384,175	509,687	125,512
Special assessments	667,333	667,333	841,275	173,942
Miscellaneous	256,000	545,868	974,118	428,250
Total Revenues	49,477,235	52,733,369	50,119,035	(2,614,334)
Expenditures:				
Current:				
General government:				
Legislative	525,447	519,147	415,877	103,270
Administrative	4,866,756	4,540,225	4,523,139	17,086
Legal	2,254,059	2,239,903	1,981,705	258,198
Finance	1,311,676	1,404,039	1,327,489	76,550
Nondepartmental	265,000	351,000	351,450	(450)
Public Safety:				
Police	16,938,009	16,884,124	16,521,074	363,050
Fire	7,488,468	7,648,437	7,342,895	305,542
Highways and public improvements	7,074,799	10,675,412	5,609,082	5,066,330
Parks and recreation	1,331,616	1,470,016	1,388,871	81,145
Community development	2,303,684	2,501,869	2,432,422	69,447
Other nondepartmental	66,833	2,803,391	2,583,819	219,572
Debt service:				
Principal	2,263,515	2,477,044	2,855,976	(378,932)
Interest	1,927,634	1,927,634	1,500,162	427,472
Bond issuance costs	20,200	20,200		20,200
Total Expenditures	48,637,696	55,462,441	48,833,961	6,628,480
Excess (Deficiency) of Revenues Over (Under) Expenditures	839,539	(2,729,072)	1,285,074	4,014,146
Other Financing Sources (Uses):				
Notes payable issued		3,236,836	1,429,088	(1,807,748)
Bond retirement, due to sale of assets		(1,026,000)	(1,026,000)	
Transfers in	3,608,891	3,608,891	3,003,213	(605,678)
Transfers out	(7,284,834)	(7,099,600)	(7,300,726)	(201,126)
Sale of capital assets	913,200	1,513,200	4,555,159	3,041,959
Total Other Financing Sources (Uses)	(2,762,743)	233,327	660,734	427,407
Net Change in Fund Balances	(1,923,204)	(2,495,745)	1,945,808	4,441,553
Fund Balances, Beginning	15,020,589	15,020,589	15,020,589	
Fund Balances, Ending	\$ 13,097,385	\$ 12,524,844	\$ 16,966,397	\$ 4,441,553

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – BUILDING AUTHORITY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest	\$ 2,499,270	\$ 2,499,270	\$ 2,595,347	\$ 96,077
Total Revenues	2,499,270	2,499,270	2,595,347	96,077
Expenditures:				
Debt service:				
Principal	2,905,000	2,905,000	2,489,650	415,350
Interest	5,896,432	5,896,432	5,815,226	81,206
Capital outlay	280,000	280,000	139,528	140,472
Total Expenditures	9,081,432	9,081,432	8,444,404	637,028
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,582,162)	(6,582,162)	(5,849,057)	733,105
Other Financing Sources (Uses):				
Transfers in	6,582,162	6,598,342	6,075,068	(523,274)
Transfers out	(250,352)	(250,352)	(250,352)	
Total Other Financing Sources (Uses)	6,331,810	6,347,990	5,824,716	(523,274)
Net Change in Fund Balances	(250,352)	(234,172)	(24,341)	209,831
Fund Balances, Beginning	2,881,504	2,881,504	2,881,504	0
Fund Balances, Ending	\$ 2,631,152	\$ 2,647,332	\$ 2,857,163	\$ 209,831

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - REDEVELOPMENT AGENCY
SPECIAL REVENUE FUND
For The Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 6,605,558	\$ 7,023,311	\$ 4,772,138	\$ (2,251,173)
Interest	100,000	100,000	102,536	2,536
Miscellaneous			5,057	5,057
Total Revenues	<u>6,705,558</u>	<u>7,123,311</u>	<u>4,879,731</u>	<u>(2,243,580)</u>
Expenditures:				
Redevelopment agency	4,927,744	5,838,417	2,426,294	3,412,123
Debt service:				
Principal	140,000	140,000	140,000	
Interest	938,690	938,690	426,050	512,640
Total Expenditures	<u>6,006,434</u>	<u>6,917,107</u>	<u>2,992,344</u>	<u>3,924,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>699,124</u>	<u>206,204</u>	<u>1,887,387</u>	<u>1,681,183</u>
Other Financing Sources (Uses):				
Refunding bonds issued		6,500,000	6,319,468	(180,532)
Payment to refunded bond escrow agent		(6,500,000)	(6,178,129)	321,871
Transfers in	15,038	15,038	15,038	
Transfers out	(714,162)	(714,162)	(684,984)	29,178
Total Other Financing Sources (Uses)	<u>(699,124)</u>	<u>(699,124)</u>	<u>(528,607)</u>	<u>170,517</u>
Net Change in Fund Balances	0	(492,920)	1,358,780	1,851,700
Fund Balances, Beginning	<u>799,280</u>	<u>799,280</u>	<u>799,280</u>	<u>0</u>
Fund Balances, Ending	<u>\$ 799,280</u>	<u>\$ 306,360</u>	<u>\$ 2,158,060</u>	<u>\$ 1,851,700</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2005

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	Totals
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 320,052	\$ 136,144	\$ 683,292	\$ 1,139,488
Accounts receivable, net			114,532	114,532
Inventory	42,495	79,288		121,783
Prepays			11,925	11,925
Due from other funds			1,298,953	1,298,953
Total Current Assets	<u>362,547</u>	<u>215,432</u>	<u>2,108,702</u>	<u>2,686,681</u>
Noncurrent Assets:				
Restricted cash and cash equivalents		1,181,697	486,810	1,668,507
Capital assets net of accumulated depreciation:				
Land	6,904,868	5,910,000	179,070	12,993,938
Buildings	674,584	2,031,854	670,275	3,376,713
Improvements other than buildings	65,391	844,292		909,683
Machinery and equipment	87,972	474,120	1,148,838	1,710,930
Total Noncurrent Assets	<u>7,732,815</u>	<u>10,441,963</u>	<u>2,484,993</u>	<u>20,659,771</u>
Total Assets	<u>\$ 8,095,362</u>	<u>\$ 10,657,395</u>	<u>\$ 4,593,695</u>	<u>\$ 23,346,452</u>
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 33,579	\$ 35,425	\$ 262,102	\$ 331,106
Accrued liabilities	57,672	67,674	22,936	148,282
Accrued interest payable	39,765	262,423	20,276	322,464
Bonds Payable, net	427,800	191,900		619,700
Capital Lease			132,955	132,955
Due to other funds		1,298,953		1,298,953
Total Current Liabilities	<u>558,816</u>	<u>1,856,375</u>	<u>438,269</u>	<u>2,853,460</u>
Noncurrent Liabilities:				
Bonds Payable, net	2,061,927	11,101,426		13,163,353
Capital Lease			999,763	999,763
Total Noncurrent Liabilities	<u>2,061,927</u>	<u>11,101,426</u>	<u>999,763</u>	<u>14,163,116</u>
Total Liabilities	<u>2,620,743</u>	<u>12,957,801</u>	<u>1,438,032</u>	<u>17,016,576</u>
Net Assets:				
Invested in capital assets, net of related debt	5,243,088	(1,180,730)	865,465	4,927,823
Restricted for Housing Authority			486,810	486,810
Unrestricted	231,531	(1,119,676)	1,803,388	915,243
Total Net Assets	<u>5,474,619</u>	<u>(2,300,406)</u>	<u>3,155,663</u>	<u>6,329,876</u>
Total Liabilities and Net Assets	<u>\$ 8,095,362</u>	<u>\$ 10,657,395</u>	<u>\$ 4,593,695</u>	<u>\$ 23,346,452</u>

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS - PROPRIETARY FUNDS
For The Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	Totals
Operating Revenues:				
Administration and lesson fees	\$ 476,575	\$ 628,131	\$	\$ 1,104,706
Equipment and facility rents	275,404	254,806	37,385	567,595
Concession and merchandise sales	332,607	494,383		826,990
Miscellaneous			105,247	105,247
Total Operating Revenues	1,084,586	1,377,320	142,632	2,604,538
Operating Expenses:				
Golf course cost of sales	138,861	227,449		366,310
Golf course operations	304,104	351,580		655,684
Golf course maintenance	386,031	511,503		897,534
Golf course general expense	124,850	179,623		304,473
General and administrative			478,968	478,968
Housing Payments			2,695,279	2,695,279
Depreciation	116,595	384,919	49,540	551,054
Total Operating Expenses	1,070,441	1,655,074	3,223,787	5,949,302
Operating Income (loss)	14,145	(277,754)	(3,081,155)	(3,344,764)
Nonoperating Income (Expense):				
Intergovernmental revenue			3,107,196	3,107,196
Interest income		24,339	8,526	32,865
Interest expense	(94,971)	(591,686)	(20,276)	(706,933)
Total Nonoperating Income (Expense)	(94,971)	(567,347)	3,095,446	2,433,128
Income (Loss) Before Transfers	(80,826)	(845,101)	14,291	(911,636)
Transfers in	451,544	719,470		1,171,014
Changes in Net Assets	370,718	(125,631)	14,291	259,378
Net Assets, Beginning	5,103,901	(2,174,775)	3,141,372	6,070,498
Net Assets, Ending	\$ 5,474,619	\$ (2,300,406)	\$ 3,155,663	\$ 6,329,876

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2005

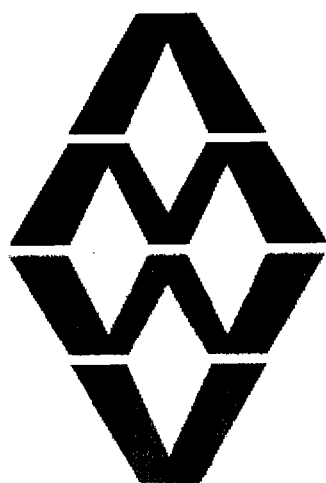
	Business-Type Activities - Enterprise Funds			Totals
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	
Cash Flows From Operating Activities:				
Receipts from customers and users	\$ 1,084,588	\$ 1,377,321	\$ 157,009	\$ 2,618,918
Payments to suppliers	(396,596)	(702,499)	(2,897,082)	(3,996,177)
Payments to employees and related benefits	(554,322)	(610,740)	(314,562)	(1,479,624)
Net cash flows from operating activities	133,670	64,082	(3,054,635)	(2,856,883)
Cash Flows From Capital and Related Financing Activities:				
Principal paid on bonds	(415,350)	(172,250)		(587,600)
Interest paid on bonds	(87,838)	(576,005)		(663,843)
Net cash flows from capital and related financing activities	(503,188)	(748,255)	0	(1,251,443)
Cash Flows From Non-Capital Financing Activities:				
Subsidy from federal grants			3,107,196	3,107,196
Net transfers to other funds	451,544	719,470		1,171,014
Net cash flows from non-capital financing activities	451,544	719,470	3,107,196	4,278,210
Cash Flows From Investing Activity				
Interest on investments		24,339	8,526	32,865
Net cash flows from investing activity	0	24,339	8,526	32,865
Net Increase (Decrease) In Cash	82,026	59,636	61,087	202,749
Cash At Beginning Of Year	238,026	1,258,205	1,109,015	2,605,246
Cash At End Of Year	\$ 320,052	\$ 1,317,841	\$ 1,170,102	\$ 2,807,995

The notes to the basic financial statements are an integral part of this statement.

WEST VALLEY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds			
	West Ridge Golf Course	Stonebridge Golf Course	Other Proprietary Funds	Totals
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ 14,145	\$ (277,754)	\$ (3,081,155)	\$ (3,344,764)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	116,595	384,919	49,540	551,054
(Increase) Decrease in accounts receivables			14,374	14,374
(Increase) Decrease in inventory	16,902	5,188		22,090
(Increase) Decrease in due from other funds				0
(Increase) Decrease in prepaids			(11,925)	(11,925)
Increase (Decrease) in accounts payable	(13,869)	(47,312)	(29,449)	(90,630)
Increase (Decrease) in accrued liabilities	(103)	(959)	3,980	2,918
Net cash flows from operating activities	<u>\$ 133,670</u>	<u>\$ 64,082</u>	<u>\$ (3,054,635)</u>	<u>\$ (2,856,883)</u>

The notes to the basic financial statements are an integral part of this statement.



WEST VALLEY CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Valley City (the City) was incorporated on July 1, 1980 under the provisions of the State of Utah and operates under a mayor-council form of government and provides services as authorized by its charter.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although, the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, and has chosen to do so. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (Statement). Beginning with the fiscal year ending June 30, 2003, the City implemented the Statement which made the following significant changes to the City's financial statements (including notes to the financial statements):

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

(A) The Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB 14 pronouncement. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency and accountability. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(A) The Reporting Entity (Continued)

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The West Valley City Housing Authority (HA) was established to account for all monies received under the Section 8 Housing Assistance payments program and all monies received by the City under the Public Housing program. The HA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the HA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the HA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the HA have been included in the financial reporting entity as a blended component unit. The HA is included in these financial statements as the Housing Authority Enterprise Fund. Separate financial statements are not issued for the HA.

The West Valley City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The West Valley City Building Authority (BA) was established to finance and construct municipal buildings that are then leased to the City. The BA is governed by a board composed of the members of the City Council. Although it is a legally separate entity from the City, the BA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the BA. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the BA have been included in the financial reporting entity as a blended component unit. The BA is included in these financial statements as the Building Authority Special Revenue Fund. Separate financial statements are not issued for the BA.

(B) Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general administrative services, public safety, highways and streets, planning and engineering, parks, community development, impact fees, recreation, theater, the RDA and the BA are classified as governmental activities. The City's golf courses, ambulance service, and the HA are classified as business-type activities.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Redevelopment Agency Fund*, a special revenue fund, was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City.

The *Building Authority*, a special revenue fund, was established to finance and construct municipal buildings that are then leased to the City.

The City reports the following major proprietary funds:

The *West Ridge Golf Course Fund* and *Stonebridge Golf Course Fund* account for the activities of the City's golf courses.

Additionally, the City reports the following fund types:

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary funds and Special Revenue funds).

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for general and special revenue funds are identical. The City accounts for the Fitness Center Fund, Hale Theater Fund, E Center Fund, Sanitation Fund, Road Impact Fund, Park Impact Fund, Fire Impact Fund, Police Impact Fund, Flood Impact Fund, Storm Water Fund, Cultural Celebration Center Fund and Grants Fund as special revenue funds.

Housing Authority Fund (an enterprise fund) accounts for the monies received under the Section 8 Housing Assistance and the Public Housing program.

Ambulance Fund (an enterprise fund) accounts for the monies received and paid to provide ambulance and emergency services to the citizens of West Valley City.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(D) Budgetary Data

Annual budgets are prepared and adopted, in accordance with State law, by the City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in several different funds, including the General Fund, Special Revenue Funds and Enterprise Funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the city manager and finance director, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Budgetary Data (Continued)

Budgets for the General Fund, Special Revenue Funds and Capital Projects Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is not practicable or appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

(E) Tax Revenues

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Salt Lake County. Taxes are levied as of January 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

(F) Cash and Cash Equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Investments, in the form of accounts at the Utah Public Treasurer's Investment Trust (the State Treasurer's Pool), of the City are stated at cost, which approximates fair value.

(G) Allowance for Doubtful Accounts

The City considers receivables to be fully collectible; no allowance for doubtful accounts is required. Amounts that become uncollectible are written off.

(H) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(I) Inventories

Inventories are valued at cost, using the first-in first-out (FIFO) method. The costs of governmental fund-type inventories consist of supplies and are accounted for using the consumption method. Purchases are recorded as assets when purchased, then expended when consumed. The costs of proprietary fund-type inventories consist of merchandise and are also accounted for using the consumption method.

WEST VALLEY CITY **NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(J) Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(K) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	10 to 40
Infrastructure	20 to 40
Improvements other than buildings	10 to 40
Machinery and equipment	3 to 10
Vehicles	5 to 10
Office equipment	3 to 5

The City has adopted an allowable alternative to reporting depreciation for its transportation infrastructure network. Under this alternative method, referred to as the "modified approach", the City must maintain an asset management system and demonstrate that its transportation network is being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

(L) Land Held for Resale

Land acquired by the Redevelopment Agency and held for resale is accounted for as land held for resale. The cost of the land held for resale is capitalized until the land is sold.

(M) Unearned Revenue

Unearned revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the revenue is recognized.

(N) Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(N) Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(O) Compensated Absences

Accumulated unpaid vacation is accrued as incurred, based on the years of service for each employee. Vacation is accumulated on a biweekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours (312 hours for firefighters) at the end of any calendar year. The City instituted a policy that allows employees to sell a maximum of 40 hours per year. At retirement, death, or termination in good standing, all accrued unpaid vacation is paid. Proprietary funds expense all accrued vacation amounts when incurred. Governmental funds report an expenditure as vacation amounts become current. All of the vacation payable is considered current based on the City's policy to allow employees to receive cash for their vacation hours as explained above.

Each year 104 sick leave hours are given to each employee (156 hours for firefighters). Upon retirement, any unused sick leave hours from the old policy will be paid to the employee. Effective January 1, 1996, sick leave no longer accumulates and at year end, employees are paid for unused sick leave hours at 30% and sick leave hours are charged to expenditures as used. Sick leave hours earned prior to this new policy are considered banked hours and cannot be used until the current 104 sick leave hours are used.

(P) Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(Q) Deficit fund balance / net assets

At June 30, 2005, the following funds had deficit fund balances or net assets deficits: Fitness Center Fund in the amount of \$1,354,416, Hale Center Theatre Fund in the amount of \$75,983, E Center Fund in the amount of \$765,477, Cultural Celebration Center Fund in the amount of \$416,151, Stonebridge Golf Course Fund in the amount of \$2,300,406, and Ambulance Fund in the amount of \$20,276.

(R) Budget Versus Actual

During the year the City had excess expenditures over appropriations in the following fund: Park Impact Fee Fund in the amount of \$21,517.

(S) Interfund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(T) Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" which also includes cash accounts that are separately held by several of the City's funds.

Deposits – Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

Investments – The City's investment policies are governed by State statutes. In addition, the City has its own written investment policies. City funds are invested only in the following: (1) Negotiable or nonnegotiable deposits of qualified depositories (see definition of a qualified depository under "Deposits" above.) (2) Repurchase agreements with qualified depositories or certified dealers, acting as principal for securities of the United States Treasury or other authorized investments only if these securities are conducted with a qualified depository. (3) Commercial paper which is rated P-1 by Moody's Investor Services or A-1 by Standard and Poors, Inc., having a remaining terms to maturity of 270 days or less. Commercial paper can be purchased directly from the depository or the City Treasurer's safekeeping bank or trust company. (4) Banker's acceptance that is eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less. (5) Negotiable certificates of deposit of \$100,000 or more which have a remaining term to maturity of 365 days or less. (6) Obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds. (7) The Utah State Treasurer's Investment Pool.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasures' Office.

WEST VALLEY CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

The City did not enter into any reverse repurchase agreements during the year. Bond deposits are held by an appointed trustee in accordance with the Bond Resolutions. Repurchase agreements are secured by uninsured, unregistered securities held by the counter party but not in the City's name.

Components of cash and investments (including interest earning deposits) at June 30, 2005 are as follows:

	Fair Value	Carrying Amount	Credit Rating (1)	Weighted Average Years to Maturity (2)
Cash on hand and deposit:				
Cash on Hand	\$ 10,710	\$ 10,710	N/A	N/A
Cash on Deposit	6,014,343	4,719,557	N/A	N/A
Total cash on hand and deposit	<u>\$ 6,025,053</u>	<u>\$ 4,730,267</u>		
Investments:				
Utah State Treasurer's Investment Pool	\$ 20,908,322	\$ 20,905,131	N/A	NA
Bank Deposits	611,395	611,395		
U.S. Treasuries	502,386	499,467	AAA	0.00
Corporate Note	33,949,342	33,949,342	AAA	0.81
Bond Reserves				
Utah State Treasurer's Investment Pool	5,686,946	5,686,946	N/A	N/A
U.S. Treasuries	1,607,834	1,607,834	AAA	N/A
Guaranteed Investment Contract	2,837,561	2,837,561	N/A	N/A
Total investments	<u>\$ 66,103,785</u>	<u>\$ 66,097,676</u>		
Portfolio weighted average maturity				0.81

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing in short term investments, or investments are matched with anticipated cash flows. The City's weighted average maturity for investments as of June 30, 2005 was less than one year. The City does not make investments with maturity dates longer than planned expenditures.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the State statutes for investments and only invests in investments that are rated A, AA, or AAA by Standard & Poor's or comparable rating from other investor services, such as Moody's. The City also invests in the Utah Public Treasurer's Investment Fund. As of June 30, 2005, the Utah Public Treasurer's Investment Fund was unrated.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has a debt security investment in a corporate note relating to a taxable bond issue, which is greater than 5 percent of the City's total investments. This investment represented 52 percent of total investments at year end.

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2005, \$5,814,343 of the City's \$6,014,343 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2005, \$34,560,737 of the City's \$66,103,785 in investments was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 3 LOANS RECEIVABLE

Loans receivable consists of Grants Fund home rehabilitation loans made with Federal grant monies. These loans bear interest at rates ranging from 0% to 12%, depending on the borrower's income level and family size. Certain loans are received in monthly or annual installments; others are due upon the sale or transfer of ownership of the related party. At June 30, 2005, the outstanding balance of the loans is \$872,866. The loans are accounted for in the Grants Fund (Special Revenue Fund). In the fund financial statements, the loans are expensed at inception and revenues are recognized as payments are received by the City. Deferred revenue is recorded to offset the receivables until the payment is received.

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of "interfund balances" as of June 30, 2005 is as follows:

Due to/from other funds:

Fund	Receivable	Payable
Governmental Activities		
General Fund	\$ 6,491,599	\$ -
Building Authority		
Redevelopment Agency	4,158,582	4,666,236
Non major government funds		5,983,945
Business-type Activities		
Stonebridge Golf Course		1,298,953
Housing Authority	1,298,953	
	<u>\$ 11,949,134</u>	<u>\$ 11,949,134</u>

The due to/from other funds are the result of individual funds' cash flow needs. These accounts at the fund financial statement level have been eliminated at the government-wide financial statement level (Statement of Net Assets).

The City has entered into loan agreements with the Redevelopment Agency whereby the City sold several parcels of land to the Redevelopment Agency in exchange for variable interest rate notes. The interest rate is the current rate paid by the State of Utah cash investment pool, plus 1%. The RDA owes the General fund \$4,666,236 as of June 30, 2005. The rate was 4.18% as of June 30, 2005. During 2005 the Redevelopment Agency paid interest of \$59,175 and repaid principal of \$913,200. During 2005 the Redevelopment Agency purchased additional parcels of land from the General Fund in the amount of \$241,864. The terms of the notes call for repayment of the note by the Redevelopment Agency with tax increment monies generated from land improvements. The repayment of the notes will come solely from the tax increment on the land improvements. In the event that the tax increment received by the Redevelopment Agency is not sufficient to repay the notes, the debt will be forgiven by the City. This interfund receivable/payable has been eliminated on the Statement of Net Assets.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

The City has made an agreement with the Building Authority (the BA) to facilitate the costs of constructing the E Center. The BA owes the General Fund \$4,600,000 as of June 30, 2005, under the terms of a note. The BA has committed to pay back all funds to the General Fund over 20 years at 0%, from the proceeds from bond issues and results of operations. For the years ended June 30, 2001, 2002, 2003, 2004 and 2005 the repayment terms were suspended and there were no payments. This interfund receivable/payable has been eliminated on the Statement of Net Assets.

The transfers among the funds for the year ended June 30, 2005 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities		
General Fund	\$ 3,003,213	\$ 7,300,726
Building Authority	6,075,068	250,352
Redevelopment Agency	15,038	684,984
Non major governmental funds	4,637,591	6,665,862
Business-type Activities		
West Ridge Golf Course	451,544	
Stonebridge Golf Course	719,470	
	<u>\$ 14,901,924</u>	<u>\$ 14,901,924</u>

NOTE 5 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2005:

Governmental Activities	
Restricted for debt service and repair and replace reserves	\$ 40,060,479
Restricted for seized cash	326,136
Restricted for future development	2,202,208
Restricted for "C" road funds	2,848,610
Restricted for impact fees	2,467,653
Restricted for grant revenue unspent	137,744
 Total governmental activities	 <u>48,042,830</u>
Business-type Activities	
Restricted for Housing Authority	486,810
Restricted for bond proceeds, debt service and repair and replace reserves	 <u>1,181,697</u>
Total business-type activities	<u>1,668,507</u>
Total restricted cash, cash equivalents and investments	<u>\$ 49,711,337</u>

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2005, is as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Governmental Activities:				
Capital assets, not being depreciated:				
Land and collectibles	\$ 19,578,272	\$ 267,510	\$ (534,750)	\$ 19,311,032
Infrastructure	169,707,903	3,969,250	(219,894)	173,457,259
Construction in progress	264,231	227,314	(264,231)	227,314
Total capital assets, not being depreciated	<u>189,550,406</u>	<u>4,464,074</u>	<u>(1,018,875)</u>	<u>192,995,605</u>
Capital assets, being depreciated:				
Infrastructure	6,016,349	1,386,037		7,402,386
Buildings	117,784,631	326,675	(2,384,275)	115,727,031
Machinery and equipment	21,789,156	924,118	(472,804)	22,240,470
Furniture and fixtures	444,566	31,758	(26,424)	449,900
Total capital assets, being depreciated	<u>146,034,702</u>	<u>2,668,588</u>	<u>(2,883,503)</u>	<u>145,819,787</u>
Less accumulated depreciation for:				
Infrastructure	(1,994,303)	(213,609)		(2,207,912)
Buildings	(17,343,969)	(3,025,602)	958,677	(19,410,894)
Machinery and equipment	(12,708,297)	(3,029,828)	342,803	(15,395,322)
Furniture and fixtures	(391,392)	(23,405)	26,424	(388,373)
Total accumulated depreciation	<u>(32,437,961)</u>	<u>(6,292,444)</u>	<u>1,327,904</u>	<u>(37,402,501)</u>
Total capital assets being depreciated, net	<u>113,596,741</u>	<u>(3,623,856)</u>	<u>(1,555,599)</u>	<u>108,417,286</u>
Governmental Activities capital assets, net	<u>\$ 303,147,147</u>	<u>\$ 840,218</u>	<u>\$ (2,574,474)</u>	<u>\$ 301,412,891</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 292,348
Public safety	1,310,549
Highways and public improvements	796,993
Parks and recreation	3,823,509
Community development	69,045
Total depreciation expense - governmental activities	<u>\$ 6,292,444</u>

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

The Business-type Activities property, plant and equipment consist of the following at June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 12,993,938	\$	\$	\$ 12,993,938
Total capital assets, not being depreciated	12,993,938	-	-	12,993,938
Capital assets, being depreciated:				
Buildings	4,514,805			4,514,805
Improvements other than buildings	1,541,168			1,541,168
Machinery and equipment	2,441,662	1,134,818		3,576,480
Furniture and fixtures	14,014			14,014
Total capital assets, being depreciated	8,511,649	1,134,818	-	9,646,467
Less accumulated depreciation for:				
Buildings	(1,007,187)	(130,905)		(1,138,092)
Improvements other than buildings	(543,028)	(88,457)		(631,485)
Machinery and equipment	(1,536,509)	(329,041)		(1,865,550)
Furniture and fixtures	(11,363)	(2,651)		(14,014)
Total accumulated depreciation	(3,098,087)	(551,054)	-	(3,649,141)
Total capital assets being depreciated, net	5,413,562	583,764	-	5,997,326
Business-type Activities capital assets, net	\$ 18,407,500	\$ 583,764	\$ -	\$ 18,991,264

Depreciation expense was charged to functions/programs as follows:

Business-type Activities	
Golf courses	\$ 501,514
Housing authority	49,540
Total depreciation expense - business-type activities	\$ 551,054

NOTE 7 LAND HELD FOR RESALE

Land acquired by the Redevelopment Agency of West Valley City (a Special Revenue fund) and held for resale is accounted for as land held for resale. The cost of land held for resale is capitalized until the land is sold. Land transferred from infrastructure assets of the City is recorded at approximate fair value for accountability purposes. If the Redevelopment Agency sells land at an amount greater than or less than the carrying amount, a gain/loss is recorded. In the governmental fund financial statements, the resulting gain/loss is accounted for as an other financing source/use, and recognized when measurable and available.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS

Developer and customer deposits are principally deposits from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances.

NOTE 9 UNEARNED PROPERTY TAXES

In conjunction with GASB pronouncement 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued property tax receivable and a unearned property tax receivable in the General Fund and Redevelopment Agency in the amounts of \$12,507,852 and \$4,500,000, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax levied on October 1, 2005 was not expected to be received within 60 days after the year ended June 30, 2005, the City was required to record a receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2005.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2005:

	June 30, 2004	Additions	Retirements	June 30, 2005	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bonds	\$ 143,389,964	\$ 6,185,000	\$ (12,333,400)	\$ 137,241,564	\$ 37,545,600
Plus: unamortized premiums	22,526	134,468	(5,524)	151,470	
Less: debt issuance costs	(128,174)	(150,115)	23,339	(254,950)	
Total bonds payable	<u>143,284,316</u>	<u>6,169,353</u>	<u>(12,315,585)</u>	<u>137,138,084</u>	<u>37,545,600</u>
Notes payable and capital leases					
Notes payable	3,189,000	1,429,088	(113,000)	4,505,088	1,548,088
Capital leases	1,721,871		(697,055)	1,024,816	520,178
Total notes payable and capital leases	<u>4,910,871</u>	<u>1,429,088</u>	<u>(810,055)</u>	<u>5,529,904</u>	<u>2,068,266</u>
Other liabilities					
Compensated absences	1,211,748	215,150	(78,082)	1,348,816	21,311
Total other liabilities	<u>1,211,748</u>	<u>215,150</u>	<u>(78,082)</u>	<u>1,348,816</u>	<u>21,311</u>
Governmental activities long-term liabilities	<u>149,406,935</u>	<u>7,813,591</u>	<u>(13,203,722)</u>	<u>144,016,804</u>	<u>39,635,177</u>
Business-type Activities:					
Bonds payable					
Revenue bonds	14,728,512		(587,600)	14,140,912	619,700
Plus: unamortized premiums	14,440		(2,406)	12,034	
Less: debt issuance costs	(371,305)		30,701	(340,604)	
Less: unamortized discounts	(31,120)		1,831	(29,289)	
Total bonds payable	<u>14,340,527</u>	<u>0</u>	<u>(557,474)</u>	<u>13,783,053</u>	<u>619,700</u>
Capital leases		1,132,718		1,132,718	132,955
Business-type activities long-term liabilities	<u>14,340,527</u>	<u>1,132,718</u>	<u>(557,474)</u>	<u>14,915,771</u>	<u>752,655</u>
Total Liabilities	<u>\$ 163,747,462</u>	<u>\$ 8,946,309</u>	<u>\$ (13,761,196)</u>	<u>\$ 158,932,575</u>	<u>\$ 40,387,832</u>

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Governmental Activities:

Revenue Bonds

Building Authority Tax Exempt Lease Bonds Series 1997, original issue of \$11,375,000, principal due in annual installments beginning January 1999, interest at 4.15% to 5.125% due in semi-annual installments beginning July 1998, with the final payment due January 2018. The bonds were issued to pay for three projects, the Hale Theatre, build and renovate a fire station and purchase pumper trucks for the fire department. Debt payments will be funded by lease payments from the Hale Theatre and transfers from the General Fund. \$ 7,925,000

Redevelopment Agency Tax Increment Bonds Series 1997A, original issue of \$7,010,000, principal due in annual installments beginning March 1999, interest at 4.3% to 6.0% due in semi-annual installments beginning September 1997, with the final payment due March 2024. The bonds were issued to pay for financing the cost of land and infrastructure improvements, including curb and gutter, paving and landscaping in respect to construction of the E Center. During the year the City issued the Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2005 to refund the Redevelopment Agency Tax Increment Bonds Series 1997A. The Reacquisition price of the Increment bond was the same as the net carrying amount. This refunding was undertaken to achieve an economic gain of approximately \$203,000 while the total debt service payments over the next nineteen years will increase by approximately \$98,000.

Utah Local Road Improvement Program Excise Tax Revenue Bonds Series 1998, original issue of \$8,635,000, principal and interest due in quarterly installments beginning December 1998 with interest at 4.7%, with the final payment due June 2008. The bonds were issued for construction cost for improvements to roads in the City. Debt payments will be funded by revenue from excise taxes. 3,307,000

Building Authority Lease Revenue Bonds Series 1998A, original issue of \$22,740,000, principal due in annual installments beginning April 2000, interest at 3.7% to 4.75% due in semi-annual installments beginning April 1999, with the final payment due April 2019. The bonds were issued to refund the Building Authority Lease Revenue Bonds Series 1995 and to issue new debt to fund construction of the Fitness Center. Debt service payments will be funded by revenue from the Building Authority Fund. 15,965,000

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Special Obligation Taxable Crossover Refunding Lease Revenue Bonds Series 2000, original issue of \$32,585,000, average interest rate of 8.24%, using a blended rate of 7.67% Bond coupon rate and 8.8% B-coupon rate. The bonds were issued to purchase a corporate bond that earns interest at a rate higher than the rate of the 2000 Special Obligation Bonds, generating positive interest earnings and cashflow at maturity.

\$ 32,585,000

Circuit Court Revenue Refunding Bonds Series 2001, original issue of \$1,735,000, principal due in annual installments beginning August 2002, interest at 2.95% to 4.45% due in semi-annual installments beginning February 2002, with the final payment due August 2007. The bonds were issued to refund the Circuit Court Lease Revenue Bond Series 1992. Debt service payments are pledged rents which are derived from leasing the court building on an annually renewable lease to the State of Utah on behalf of the State of Judicial Council. The bond was paid off during the year.

Building Authority Lease Revenue Bonds Series 2001, original issue of \$5,270,000, principal due in annual installments beginning January 2003, interest at 4.0% to 5.25% due in semi-annual installments beginning January 2002, with the final payment due January 2021. The bonds were issued to fund the building of a new fire station and public works building. Debt service payments will be made from the Building Authority Fund.

4,635,000

Sales Tax Revenue Bonds Series 2001A, original issue of \$18,310,000, principal due in annual installments beginning July 2003, interest at 3.5% to 5.5% due in semi-annual installments beginning January 2002, with the final payment due July 2021. The bonds were issued for the purchase and renovation of a Public Safety Building and the purchase of Stone Bridge Golf Course. Approximately 34.95% and 65.05% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 34.95% of the total outstanding balance as of June 30, 2005 which is attributable to the governmental activities.

6,230,250

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Building Authority Lease Revenue Refunding Bonds Series 2002A, original issue of \$35,810,000, principal due in annual installments beginning August 2003, interest at 2.0% to 5.5% due in semi-annual installments beginning February 2003, with the final payment due on August 2027. The bonds were issued to refund the Building Authority Taxable Lease Revenue Bonds Series 1996A which have a defeased balance of \$31,690,000 as of June 30, 2005. Debt payments will be funded by proceeds from the E Center's operations and transfers from the General Fund.

\$ 35,380,000

Sales tax Revenue Tax Exempt Bonds Series 2002A, original issue of \$15,370,000, principal due in annual installments beginning July 2004, interest at 3.0% to 5.5% due in semi-annual installments beginning January 2003, with the final payment due July 2020. The bonds were issued to finance the costs of acquisition, construction, equipping and improvements of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax revenues.

15,110,000

Sales Tax Revenue Capital Appreciation Bonds Series 2002B, original issue of \$891,476, principal and interest due in annual installments beginning July 2007, interest at 3.6% to 3.8%, with the final payment due July 2008. The bonds were issued to finance the costs of acquisition, construction, equipping and improvement of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax revenues.

891,476

Sales Tax Revenue Taxable Bonds Series 2002C, original issue of \$2,465,000, principal due in annual installments beginning July 2003, interest at 5.9% to 6.45% due in semi-annual installments beginning January 2003, with the final payment due July 2017. The bonds were issued to finance the costs of acquisition, construction, equipping and improvement of an arts and cultural heritage complex; and to finance equipment purchases and related improvements at the E Center. Debt service payments will be made from the General Fund sales tax revenues.

2,265,000

Lease Revenue Refunding Bonds Series 2003, original issue of \$8,615,000, principal due in annual installments beginning January 2004, interest at 2.0% to 3.5% due in semi-annual installments beginning July 2003, with the final payment due January 2010. The bonds were issued to refund the Lease Revenue Refunding Bonds Series 1993. Approximately 60.9% and 39.1% of the debt service payments will be paid from the Building Authority and West Ridge Golf Course, respectively. The balance shown is 60.9% of the total outstanding balance as of June 30, 2005 which is attributable to the governmental activities.

3,968,838

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003A, original issue of \$817,000, principal and interest due in annual installments beginning October 2003, interest at 2.4%, with the final payment due October 2005. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

\$ 274,000

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003B, original issue of \$568,000, principal and interest due in annual installments beginning June 2004, interest at 2.65%, with final payment due June 2008. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

386,000

Subordinate Lien Sales Tax Revenue and Refunding Bonds Series 2003C, original issue of \$3,062,000, principal due in annual installments beginning June 2004, interest at variable rate of LIBOR plus 1.2% due in semi-annual installments beginning December 2003, with the final payment due June 2008. The interest rate in effect at June 30, 2005 was 2.98%. The bonds were issued to refund and retire the Special Improvement District Bonds 94-1 Series 1996, 95-1 Series 1998 and 95-2 Series 1998. Debt service payments are financed by assessments to affected property owners within the Improvement District. The annual assessments to the property owners is equal to the annual debt service payments due to the bond holders.

2,134,000

Redevelopment Agency Tax Increment Revenue Refunding Bonds Series 2005, original issue of \$6,185,000, principal due in annual installments beginning March 2010, interest at 4.0 - 5.0% due in semi-annual installments beginning September 2005, with the final payment due March 2024. The bonds were issued to refund the Redevelopment Agency Tax Increment Bonds Series 1997A which have a defeased balance of \$6,170,000 as of June 30, 2005. The bonds were issued to pay for financing the cost of land and infrastructure improvements, including curb and gutter, paving and landscaping in respect to construction of the E Center. Debt service payments will be funded by tax increment funds generated within the project area.

6,185,000

Total Revenue Bonds - Governmental Activities

\$ 137,241,564

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Notes Payable

Housing and Urban Development (HUD) Section 108 Note, original note of \$3,297,000, principal due in annual installments beginning August 2003, interest at 5.1% to 6.07% due in semi-annual installments beginning February 2003, with the final payment due August 2021. Trust certificates guaranteed by the Secretary of Housing and Urban Development were sold in a public offering, and these certificates were backed by this and other notes. The notes were used for the exclusive use of cleaning up the Harvey Street project. Debt service payments will be paid by revenues from future draws from the HUD CDBG grant funds.

\$ 3,076,000

Warrants issued for SID, original note consists of a series of draws totaling \$1,429,088. When the project is complete the warrants will be combined and rolled into a bond. The warrants bear interest rates at 1.5% to 2.41% and mature on September 15, 2005. The notes were used for construction related to the Special Improvement District at 5600 West.

1,429,088

Total Notes Payable - Governmental Activities

\$ 4,505,088

Capital Leases

1999 Equipment lease, original amount of \$2,137,000, lease payments due in semi-annual installments of \$240,790 including interest at 4.9% beginning January 2000, with the final payment due July 2004. The principal and interest payments are made from the General Fund revenues. The lease was used to purchase police vehicles. The lease was paid off during the year.

\$ -

2004 Equipment Lease, original amount of \$285,548, lease payments due in semi-annual installments of \$49,948 including interest at 3.2% beginning July 2004, with the final payment due January 2007. The principal and interest payments are made from the General Fund revenues. The lease was used to refinance a fire truck and police radio equipment leases.

192,050

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

2004 Equipment Lease, original amount of \$539,569, lease payments due in semi-annual installments of \$79,094 including interest at 3.8% beginning January 2005, with the final payment due January 2012. The January 2005 payment is \$53,753, and the January 2008 payment is for \$104,750. The principal and interest payments are made from the General Fund revenues. The lease was used to refinance a fire truck lease.

\$ 501,194

2004 Equipment Lease, original amount of \$659,532, lease payments due in semi-annual installments of \$341,188 including interest at 2.9% beginning January 2005, with the final payment due January 2006. The principal and interest payments are made from the General Fund and from the Storm Drain Fund revenues at 37% and 63% respectively. The lease was used to refinance an emergency service radio equipment and fund storm drain utility equipment lease.

331,572

Total Capital Leases - Governmental Activities

\$ 1,024,816

Compensated absences

The total of accumulated unpaid compensated absences in governmental funds.

\$ 1,348,816

The current portion of the compensated absences is calculated to be \$21,311 as of June 30, 2005.

WEST VALLEY CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

Business-type Activities

Revenue Bonds

Sales Tax Revenue Bonds Series 2001A, original issue of \$18,310,000, principal due in annual installments beginning July 2003, interest at 3.5% to 5.5% due in semi-annual installments beginning January 2002, with the final payment due July 2021. The bonds were issued for the purchase and renovation of a Public Safety Building and the purchase of Stonebridge Golf Course. Approximately 34.95% and 65.05% of the debt service payments will be made from the General Fund sales tax and Golf Course revenues, respectively. The balance shown is 65.05% of the total outstanding balance as of June 30, 2005 which is attributable to the business-type activities.

\$ 11,594,750

Lease Revenue Refunding Bonds Series 2003, original issue \$8,615,000, principal due in annual installments beginning January 2004, interest at 2.0% to 3.5% due in semi-annual installments beginning July 2003, with the final payment due January 2010. The bonds were issued to refund and defease the Lease Revenue Refunding Bonds Series 1993. Approximately 60.9% and 39.1% of the debt service payments will be paid from the Building Authority and West Ridge Golf Course, respectively. The balance shown is 39.1% of the total outstanding balance as of June 30, 2005 which is attributable to the business-type activities.

2,546,162

Total Revenue Bonds - Business-type Activities

\$ 14,140,912

Capital Leases

2005 Equipment lease, original amount of \$1,132,718, lease payments due in semi-annual installments of \$153,231 including interest at 3.58% beginning December 2005, with the final payment due December 2009. The principal and interest payments are made from the Ambulance Fund revenues. The lease was used to purchase ambulances.

\$ 1,132,718

Total Capital Leases - Business-type Activities

\$ 1,132,718

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest for the long-term debt, as of June 30, 2005, are as follows:

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2006	\$ 37,545,600	\$ 8,256,335
2007	6,292,819	4,769,292
2008	6,790,257	4,551,490
2009	3,964,700	4,218,399
2010	5,255,838	4,039,467
2011-2015	26,305,400	16,724,993
2016-2020	29,167,900	9,479,027
2021-2025	14,599,050	3,798,050
2026-2030	7,320,000	618,200
	137,241,564	\$ 56,455,253
Plus: unamortized premium	151,470	
Less: debt issuance costs	(254,950)	
Total	\$ 137,138,084	

Year Ending June 30,	Governmental Activities Notes payable	
	Principal	Interest
2006	\$ 1,548,088	\$ 158,109
2007	125,000	154,174
2008	131,000	149,528
2009	138,000	144,169
2010	145,000	138,087
2011-2015	841,000	555,232
2016-2020	1,073,000	334,848
2021-2025	504,000	30,748
	\$ 4,505,088	\$ 1,664,895

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30, 2005	Governmental Activities Total
2006	\$ 520,178
2007	178,991
2008	104,750
2009	79,093
2010	79,093
2011-2015	158,189
Total minimum lease payments	1,120,294
Less: amount representing interest	(95,478)
Present value of net minimum lease payments	\$ 1,024,816

Year Ending June 30,	Business-type Activities Revenue Bonds	
	Principal	Interest
2006	\$ 619,700	\$ 648,816
2007	710,800	630,187
2008	749,200	606,361
2009	785,362	580,842
2010	829,200	550,985
2011-2015	3,457,400	2,231,044
2016-2020	4,660,900	1,220,989
2021-2025	2,328,350	117,906
	14,140,912	\$ 6,587,130
Plus: unamortized premium	12,034	
Less: debt issuance costs	(340,604)	
Less: unamortized discount	(29,289)	
Total	\$ 13,783,053	

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 10 LONG-TERM DEBT (Continued)

The future minimum lease payments to be paid by the City for capital leases are as follows:

Year Ending June 30,	Business-type Activities Total
2006	\$ 193,782
2007	306,462
2008	306,460
2009	306,461
2010	153,232
2011-2015	-
Total minimum lease payments	1,266,397
Less: amount representing interest	(133,679)
Present value of net minimum lease payments	\$ 1,132,718

NOTE 11 RISK MANAGEMENT

The City is exposed to various risks of loss including third party claims, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded the City's insurance coverage for any of the past four years.

General liability coverage is provided by the Utah Risk Management Mutual Association (URMMA), a risk mutual association to which the City belongs, along with 25 other cities in Utah. The State of Utah Insurance Department regulates URMMA to ensure sound actuarial standards are used. Payment of an annual insurance premium indemnifies the City for claims that exceed a per occurrence deductible. The policy provides \$10 million of liability coverage per occurrence after a deductible of \$15,000. In the event URMMA becomes insolvent, the City is fully responsible for all claims.

Real property is either self-insured or insured through commercial policies. Some vehicles are self-insured (generally those valued at less than \$50,000) while those valued over \$50,000 are typically insured commercially. Where possible and appropriate, in contractual transactions with other persons or entities, responsibility for damages is transferred to the other party or person(s) that perform work for the City. Coverage for asbestos liability is limited to an annual aggregate of \$10,000.

The City operates a self-insured workers' compensation program. Each injury is funded by the City to the extent of \$400,000. The City purchases reinsurance to cover any claims that exceed \$400,000. The reinsurance has a limit of \$1,000,000. The City is responsible for any amounts that exceed \$1,000,000 per occurrence. Pinnacle Risk Management Services is the designated third party administrator for the City's workers' compensation program.

The West Valley City administration and City Council are ultimately responsible for setting reserves and adjusting the reserve throughout the life of the claims. The City uses prior loss history and actuarial studies as the basis for computing the accrual. The City at this time has no annuities. Workers' compensation claims liability is recorded in the General Fund in accrued liabilities. In management's opinion, the accrued workers' compensation claim liability is adequate to cover the reported claims as well as the incurred but not reported claims for which the City is responsible. The following table shows a history of the last two years of workers' compensation claim liability for the years ended June 30, 2005 and 2004.

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 11 RISK MANAGEMENT (Continued)

	2005	2004	Increase (Decrease)
Workers Compensation claim, liability, beginning year	\$ 915,674	\$ 821,084	\$ 94,590
Claims, including incurred but not reported	447,709	391,482	56,227
Payments on claims	(429,329)	(296,892)	(132,437)
Workers Compensation claim, liability, end of year	<u>\$ 934,054</u>	<u>\$ 915,674</u>	<u>\$ 18,380</u>

The obligation of URMMA to pay damages on behalf of the City or covered individuals applies only to damages in excess of the member "deductions" and group "self-insured retentions" outlined in the Coverage Profile. The members' "deductibles" and the group's "self-insured retentions" also include attorney's fees and all other costs incurred in defending a claim.

Each member may adjust, settle, and pay or deny all "property damage" claims which are less than one hundred percent (100%) of that member's deductible and which do not include bodily injury, personal injuries, or alleged violation of civil rights.

NOTE 12 RETIREMENT PLAN

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, the Public Safety Contributory Retirement System, the Public Safety Noncontributory Retirement System, the Firefighters Retirement System, cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, the Local Governmental Noncontributory Retirement System, and the Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 7.080% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.09% of members' annual covered salary. In the Public Safety Contributory Retirement System, contributory members are required to contribute 10.50% of annual salary (all or part may be paid by the employer for the employee) and the City is required to contribute 12.35% of annual salary and 22.17% of annual covered salary for members in the noncontributory status. In the Firefighters Retirement System, members do not contribute, and the City is required to contribute 7.83% of the members' annual covered salary. The contribution rates are the

WEST VALLEY CITY
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

NOTE 12 RETIREMENT PLAN (Continued)

actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2005, 2004, and 2003, were \$139,391, \$128,036 and \$116,594, respectively; for the Noncontributory Retirement System, the contributions for the years ended June 30, 2005, 2004, and 2003, were \$1,154,839, \$959,881 and \$819,102, respectively; for the Public Safety Contributory Retirement System, the contributions for the years ended June 30, 2005, 2004 and 2003 were \$286,671, \$240,855 and \$216,383, respectively; for the Public Safety Noncontributory Retirement system, the contributions for the years ended June 30, 2005, 2004 and 2003 were \$1,491,936, \$1,261,551 and \$1,115,011, respectively; and for the Firefighters Retirement System, the contributions for the years ended June 30, 2005, 2004, and 2003, were \$313,435, \$306,573 and \$296,431, respectively. The contributions were equal to the required contributions for each year.

NOTE 13 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

401(a) Defined Contribution Plans

The City sponsors a defined contribution plan under Internal Revenue Code 401(a) for City employees covered by the State's contributory and noncontributory retirement plans. International City Managers Association (ICMA) administers this plan. The City's total payrolls for the fiscal years ended June 30, 2005, 2004 and 2003 were \$27,350,225, \$27,434,684 and \$26,060,998, respectively. Of those amounts, \$25,943,361, \$25,623,074 and \$24,270,536 were eligible to participate in this plan for the years ended June 30, 2005, 2004, and 2003, respectively. The City participates at rates between 6.00% and 22.17%. The rate of City participation can be changed by the City Council.

During the years ended June 30, 2005, 2004, and 2003, contributions totaling \$2,033,956, \$2,149,417 and \$2,274,273, respectively were made to this plan by the City. The contributions by the City to the 401(a) plan were 7.44%, 7.83% and 8.73%, respectively of total covered payroll. The 401(a) defined contribution monies are not available to the City or its general creditors. Therefore, no assets or liabilities of the 401(a) defined contribution plan are reflected in the financial statements.

457 Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. The City's total payrolls for the fiscal years ended June 30, 2005, 2004, and 2003 were \$27,350,225, \$27,434,684 and \$26,060,998, respectively. Of those amounts, \$25,943,361, \$25,623,074 and \$24,270,536 were eligible to participate in this plan for the years ended June 30, 2005, 2004, and 2003, respectively. Voluntary contributions made by employees totaled \$746,165, or 2.73% of total payroll expenses in 2005, \$733,592, or 2.67% of total payroll expenses in 2004 and \$711,088 or 2.73% of total payroll expenses in 2003. All contributions were made by the due dates.

In fiscal year 1997, the City adopted Governmental Accounting Standards Board Statement 32 (GASB No.32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result of the modifications to the plan documents to conform to the new provisions of the Internal Revenue Code, all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. Therefore, the assets are no longer assets of the City and are not included in the City's financial statements.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The City had approximately \$547,000 of outstanding construction commitments at June 30, 2005. The City also had approximately \$240,000 of pending attorney fees related to an ongoing lawsuit to allow the City to provide ambulance services.

The City is a defendant in various claims and suits arising from the ordinary course of business. A provision for loss related to litigation of \$398,958 was recorded in the accompanying financial statements. Management believes that any liability resulting from these matters is adequately covered by this provision.

In June 2002 the City restructured the management agreement between the City and WVE, Inc., to operate the E Center. WVE, Inc. is a subsidiary of Centennial Management Group and is responsible for the daily operations, maintenance, bookings, and events that take place at the E Center. The City is responsible for management and operation of the E Center parking facilities.

The City pays to WVE, Inc., or its parent company, Centennial Management Group, an annual management fee of \$160,000. This annual fixed fee will increase by \$5,000 on July 1 of each year through 2007. The annual fixed fee will increase by \$7,500 each year for the next five year period beginning on July 1, 2008; then, beginning on July 1, 2013, the annual fixed fee will increase by \$10,000 each year for the remainder of the agreement. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, if certain performance objectives are reached, the City may pay an additional annual incentive fee payment equal to not more than 5% of the annual fixed fee. These management fees paid to WVE, Inc., and/or Centennial Management Group are their only compensation for managing the E Center. All E Center revenues are collected by the City (other than those retained by the concessionaire and the hockey club pursuant to their respective contracts). All E Center expenses (including WVE, Inc. personnel expenses) are paid by the City.

The City entered into a contract with USANA Amphitheater (the Amphitheater) to provide management services. The City then contracted with WVE, Inc. to provide the management services for the Amphitheater. The City pays to WVE, Inc., or its parent company, Centennial Management Group, an annual management fee of \$51,650 to provide management services to the Amphitheater and the Utah Cultural Celebration Center (the Center). Each year, beginning on July 1, 2004, the annual fixed fee is increased by the total percentage increase in the "West A" consumer Price Index, but not less than 2% or more than 5% of the annual payment due for the immediately preceding 12 month period. The fee was increased by 3.3% for fiscal year 2005. The term of the agreement ends in June 2017.

In addition to the annual fixed fee, any net income from the markup on the use of part-time labor used at the Center or the Amphitheater will be shared equally by the City and WVE, Inc. and/or Centennial Management Group. All revenues from the operation of the Center are the City's. All the Center's expenses (including WVE, Inc. personnel expenses) are paid by the City.

NOTE 15 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2005 consists of the following:

	General Fund	Other Governmental Funds	Business-type Funds
Federal Government:			
CDBG Grant	\$	\$ 1,165,445	\$ 856
FEMA Operating Planning Grant		56,524	
Homeland Security		98,908	
Weapons of Mass Destruction		84,164	
Bulletproof Vest Grant		8,945	
COPS in Schools		295,766	
Law Enforcement Block Grant - Police		8,515	
GREAT Grant		11,155	
VAWA Grant		36,241	
Violence Against Women Federal Arrest Grant		277,619	
Domestic Violence VOCA		73,324	
Weed & Seed		206,331	
HUD - Public Housing			61,521
HUD - Vouchers			2,851,211
Capital Funds Revenue			35,831
Title V		12,812	
PSN Media Grant		51,833	
Community Gun Grant		40,000	
HIDTA Police Grant		13,063	
FEMA Fire Department Grant		11,242	
ATF Project Safe Neighborhood		106,279	
Project Safe Neighborhood		207,647	
Education grant		63,400	
Economic Development Grant		149,115	
National Endowment for the Arts		10,000	
State of Utah:			
Class "C" road fund allotment	3,009,108		
Salt Lake County Arts Tax		286,343	
Salt Lake Homes Revenue			157,777
Liquor allotment	95,913		
West Valley City Education Partnership		10,974	
TRBA - Salt Lake County		10,975	
West Valley City Computer Labs		5,100	
Victim Advocate Donations	675		
Salt Lake County Flyover	155,167		
Salt Lake County Grant		219,743	
Granite School District		24,772	
Humanities Council		12,500	
Natural Resources - Fire Department		4,000	
	<u>\$ 3,260,863</u>	<u>\$ 3,562,735</u>	<u>\$ 3,107,196</u>

NOTE 15 INTERGOVERNMENTAL REVENUE (Continued)

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the City's independent auditors and other governmental auditors. Any disallowed claims resulting from such an audit could become a liability of the General Fund or other applicable fund. Based on prior experience, the City administration believes such disallowance, if any, would be immaterial.

NOTE 16 REDEVELOPMENT AGENCY OF THE WEST VALLEY CITY

For the year ended June 30, 2005, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies	\$ 4,772,138
Amounts expended for:	
Site improvements and preparation costs	323,732
Tax increment paid to other taxing agencies	1,323,182
Administrative costs	797,298
Debt service costs	548,132
Bond Defeasance - Refunding	6,178,129
	<hr/>
Total amounts expended by RDA	\$ 9,170,473
	<hr/>
Outstanding bonds and loans to finance RDA projects	\$ 6,185,000
	<hr/>

NOTE 17 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2005, there are three series of Industrial Revenue Bonds outstanding, with an aggregate original issue principal amount payable of \$10,215,000 comprised of the following issues:

Company	Maturity	Balance At June 30, 2005
GFI, Ltd. II K-MART - 1983	December 2007	\$ 660,000
GFI, Ltd. II K-MART - 1984	December 2010	1,630,000
Sterling Medical - 1986	April 2007	1,103,687
		<u>\$ 3,393,687</u>

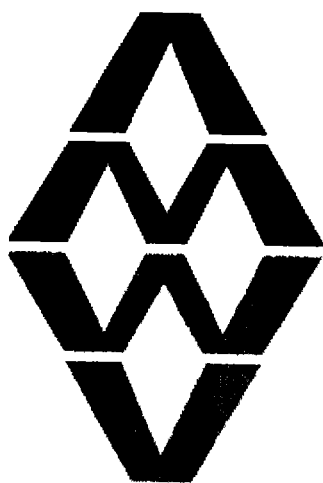
NOTE 18 INTERLOCAL AGREEMENT

The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Network (UTOPIA), an interlocal cooperative agreement organized under the laws of the State of Utah. UTOPIA was created to design, finance, build, operate, and maintain an open, wholesale, public and Telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA is jointly owned by the members. No equity investment has been recorded by the City since, as of June 30, 2005, UTOPIA had a net assets deficit of \$8,070,209. UTOPIA began providing limited services during the year, but it is still in a start-up phase.

The City is a pledging member who has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In July 2004 UTOPIA issued an \$85,000,000 revenue bond. The first four years of bond payments will be made from a debt reserve fund. From that point on, until the bonds are due in July 2026, net revenues from UTOPIA will reimburse the debt service for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the 11 pledged members are required to reimburse the UTOPIA debt service fund of any shortfall by their respective percentages up to a specific dollar amount. The City's percentage of the Debt Service Reserve shortfall is 35.32% with a yearly liability limit set at a maximum of \$561,400. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

On July 1, 2007, the City will be required to deposit \$2,806,999 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from July 1, 2007. To the extent that the initial projects operate profitably, UTOPIA has plans on issuing a total of \$340,000,000 in bonds.

REQUIRED SUPPLEMENTAL INFORMATION



WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH
For The Year Ended June 30, 2005

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the City has adopted an allowable alternative to reporting depreciation for three of eight infrastructure subsystems in the Transportation Network. Under this alternative method, referred to as the "modified approach", the City must maintain an asset management system and demonstrate that its subsystems are being preserved at or above condition levels established by City policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

In order to utilize the modified approach, the City is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the City.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the City.

The City applies the modified approach to the three major subsystems considered to be owned by the City: Major Streets, Minor Streets and Sidewalks. The goal of the City in conjunction with adopting the modified approach is to develop and provide a cost effective pavement maintenance and rehabilitation program that preserves the City's investment in its subsystems and enhances public transportation and safety.

Major Streets

The condition of the major streets pavement is measured using the Transportation Asset Management System. This system uses a measurement scale that considers the condition of the roads using nine condition factors and then assigns the road a Remaining Service Life, (RSL), ranging from 0 to 20. The RSL is the remaining life of the road in years, if no additional upkeep, replacement, or maintenance is performed. The RSL is used to classify roads into categories as follows:

Category	RSL Rating Range	Description
Excellent	20 yrs	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (No maintenance work needed.)
Very Good	14 - 19 yrs	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Good	10 - 13 yrs	Pavement which provides an adequate ride, and exhibits few signs of distress. (Moderate maintenance may be needed.)
Fair	6 - 9 yrs	Surface defects in this category such as alligator cracking, potholes, rutting, and raveling are affecting the ride of the user. (Major maintenance is likely needed.)
Poor	2 - 5 yrs	These roads have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely needed.)
Failed	0 - 1 yrs	Pavement in this category is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2005

Major Streets (Continued)

It is the City's policy to maintain at least 80% of all major streets (by mileage) at or above the "fair to excellent" condition level. The City performs a complete condition assessment on each major street every three years. A condition assessment on the major streets was performed in this period and the next condition assessment is scheduled to be done during the spring of 2008.

Condition Rating of the City's Major Streets
(Percentage of Miles)

<u>Category</u>	<u>2005</u>	<u>2002</u>
Excellent	1%	0%
Very Good	20%	39%
Good	46%	23%
Fair	29%	24%
Poor	4%	12%
Fail	0%	2%

Comparison of Needed-to-actual
Maintenance/Preservation

<u>Major Streets</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 612,000	\$ 700,000	\$ 1,500,000
Actual	482,849	708,838	1,143,580

This schedule only presents the information for three years. GASB standards require reporting the last three complete condition assessments and needed - to - actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

Minor Streets

The condition of the minor streets pavement is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street.

In 1996, the City implemented a pavement management program for residential streets. With this program, approximately one-sixth (1/6) of residential streets would be resurfaced each year. All residential streets were divided into six individual maintenance areas. During 2004, due to budget constraints, the Slurry Seal Maintenance Program has been extended to a six year rotation instead of five years. With the new maintenance schedule, any streets slurry-sealed six years ago will be assigned to the "fair" category. Each street in the maintenance area was surveyed and a maintenance strategy assigned. In 1996, the City acquired the equipment and hired a skilled foreman to implement an in-house slurry seal production crew. The maintenance strategy assigned to most residential streets was slurry seal. However, streets in poor condition were generally resurfaced with an asphalt overlay. All residential streets were slurry sealed between 1996 and 2000 under this program.

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2005

Minor Streets (Continued)

Minor streets in commercial and industrial areas were added to the program in 2001.

Due to this regular maintenance program, the City has chosen to use a more simplified condition level assessment for minor streets than is being used for major streets. In December 2002, all streets scheduled for resurfacing in 2003 were inventoried and assigned maintenance strategies based on condition. Additionally, in May 2003, all remaining streets were inventoried and assigned a condition level. The same five condition level categories were used, as with the major streets: Excellent, Good, Fair, Poor, and Failed. However, detailed information such as crack index, severity and extent of pavement distresses was not collected. Each street slurry-sealed the prior year was assigned to the "excellent" category. Streets slurried two to four years ago were assigned to the "good" category, while the streets slurry-sealed five to six years ago (and scheduled to be redone this year) were assigned to the "fair" category. The inspections conducted by the City identified any exceptions to these broad condition-level designations. Since all streets will receive basically the same treatment every six years, it became unnecessary to identify individual pavement distresses except for the noted exceptions to these groupings.

Category	Description
Excellent	Minor street was slurry-sealed in the prior year.
Good	Minor street was slurry-sealed two to four years ago.
Fair	Minor street was slurry-sealed five to six years ago and is scheduled in the current year to be slurry-sealed.
Poor	Minor street has deteriorated to such an extent that it is in need of resurfacing, and the ride is noticeably rough. (Structural improvements, in addition to major maintenance, is likely needed.)
Failed	Minor street is severely deteriorated, and the ride quality is unacceptable. (Complete road reconstruction is likely needed.)

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2005

Minor Streets (Continued)

It is the City's policy to maintain at least 80% of all minor streets (by mileage) at or above the "fair to excellent" condition level.

Condition Rating of the City's Minor Streets
(Percentage of Miles)

<u>Category</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Excellent	17%	17%	18%
Good	50%	40%	64%
Fair	33%	42%	17%
Poor/Failed	0%	1%	1%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Minor Streets</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 900,000	\$ 700,000	\$ 900,000
Actual	565,702	752,372	691,214

This schedule only presents the information for three years. GASB standards require reporting the last three complete condition assessments and needed - to - actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.

Sidewalks

The condition of the sidewalks is measured using the Geodatabase System in which pavement management data has been entered into a database linked to each minor street. The following table details the measurement scale the City uses in assessing the condition rating for sidewalks.

Category	Description
Excellent/ Good	No defects in the sidewalk.
Fair	Light spalling, less than 1" displacement in the sidewalk.
Poor	Light spalling, 1 - 2" displacement in the sidewalk.
Failed	Heavy spalling, more than 2" displacement in the sidewalk.

WEST VALLEY CITY
INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE
MODIFIED APPROACH (Continued)
For The Year Ended June 30, 2005

Sidewalks (Continued)

It is the City's policy to maintain a minimum of 95% of sidewalks by length) are at the "good or excellent" condition level. The City performs a complete condition assessment on each sidewalk every three years. A complete assessment was performed in the Spring of 2005.

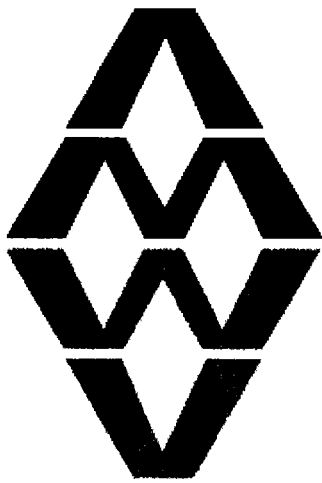
Condition Rating of the City's Sidewalks

<u>Category</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Excellent/Good	97%	96%	97%
Fair	1%	2%	1%
Poor	1%	1%	1%
Fail	1%	1%	1%

**Comparison of Needed-to-actual
Maintenance/Preservation**

<u>Sidewalks</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Estimated	\$ 90,000	\$ 64,000	\$ 63,000
Actual	53,211	55,937	47,013

This schedule only presents the information for the last three years. GASB standards require reporting the last three complete condition assessments and needed - to - actual information for five years. However, the City implemented these new standards in 2003 and did not collect this information for the prior years. The City will continue to collect and retain this information so that over a period of five years, it will be able to report the required information.



SUPPLEMENTAL INFORMATION

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue Funds				
	Fitness Center	Hale Theatre	E Center	Sanitation	Road Impact Fee
ASSETS					
Cash and cash equivalents	\$	\$	\$	\$ 1,326,664	\$
Receivables:					
Accounts, net			1,365,654	269,131	
Prepays			25,146		
Security deposits			3,550		
Restricted assets:					
Cash and cash equivalents					463,857
Total Assets	\$ 0	\$ 0	\$ 1,394,350	\$ 1,595,795	\$ 463,857
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 61,155	\$	\$	\$ 227,572	\$
Accrued liabilities	104,166		428,859	9,184	
Due to other funds	1,189,095	75,983	1,730,968		
Total Liabilities	1,354,416	75,983	2,159,827	236,756	0
Fund Balances:					
Reserved for:					
Future development					463,857
Unreserved, reported in:					
Special revenue funds	(1,354,416)	(75,983)	(765,477)	1,359,039	
Total Fund Balances	(1,354,416)	(75,983)	(765,477)	1,359,039	463,857
Total Liabilities and Fund Balances	\$ 0	\$ 0	\$ 1,394,350	\$ 1,595,795	\$ 463,857

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
June 30, 2005

	Special Revenue Funds				
	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee	Stormwater Drainage
ASSETS					
Cash and cash equivalents	\$	\$	\$	\$	\$ 923,055
Receivables:					
Accounts, net					242,307
Restricted assets:					
Cash and cash equivalents	1,271,275	207,518	345,069	179,934	
Total Assets	<u>\$ 1,271,275</u>	<u>\$ 207,518</u>	<u>\$ 345,069</u>	<u>\$ 179,934</u>	<u>\$ 1,165,362</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued liabilities	\$ 101,891	\$	\$	\$	\$ 92,048
Total Liabilities	<u>101,891</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>92,048</u>
Fund Balances:					
Reserved for:					
Future development	1,169,384	207,518	345,069	179,934	
Unreserved, reported in:					
Special revenue funds					1,073,314
Total Fund Balances	<u>1,169,384</u>	<u>207,518</u>	<u>345,069</u>	<u>179,934</u>	<u>1,073,314</u>
Total Liabilities and Fund Balances	<u>\$ 1,271,275</u>	<u>\$ 207,518</u>	<u>\$ 345,069</u>	<u>\$ 179,934</u>	<u>\$ 1,165,362</u>

WEST VALLEY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
June 30, 2005

	<u>Special Revenue Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Cultural Celebration Center</u>	<u>Grants</u>	<u>Total</u>	<u>Capital Projects</u>	
ASSETS					
Cash and cash equivalents	\$ 30,987	\$ 42,512	\$ 2,323,218	\$ 4,223,569	\$ 6,546,787
Receivables:					
Accounts, net	4,730		1,881,822		1,881,822
Intergovernmental		1,445,213	1,445,213		1,445,213
Loan receivables		872,866	872,866		872,866
Prepays			25,146		25,146
Inventory	44		44		44
Security deposits			3,550		3,550
Restricted assets:					
Cash and cash equivalents		137,744	2,605,397	1,988,129	4,593,526
Total Assets	<u>\$ 35,761</u>	<u>\$ 2,498,335</u>	<u>\$ 9,157,256</u>	<u>\$ 6,211,698</u>	<u>\$ 15,368,954</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 7,730	\$ 125,963	\$ 422,420	\$	\$ 422,420
Accrued liabilities	52,867	9,238	798,253		798,253
Due to other funds	391,315	1,329,339	4,716,700	1,267,245	5,983,945
Deferred revenue		1,021,688	1,021,688	19,200	1,040,888
Total Liabilities	<u>451,912</u>	<u>2,486,228</u>	<u>6,959,061</u>	<u>1,286,445</u>	<u>8,245,506</u>
Fund Balances:					
Reserved for:					
Future development			2,365,762	1,988,129	4,353,891
Unreserved, reported in:					
Special revenue funds	(416,151)	12,107	(167,567)		(167,567)
Capital projects funds				2,937,124	2,937,124
Total Fund Balances	<u>(416,151)</u>	<u>12,107</u>	<u>2,198,195</u>	<u>4,925,253</u>	<u>7,123,448</u>
Total Liabilities and Fund Balances	<u>\$ 35,761</u>	<u>\$ 2,498,335</u>	<u>\$ 9,157,256</u>	<u>\$ 6,211,698</u>	<u>\$ 15,368,954</u>

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	Special Revenue Funds				
	Fitness Center	Hale Theatre	E Center	Sanitation	Road Impact Fee
Revenues:					
Annual passes and activity fees	\$ 1,651,012	\$	\$	\$	\$
Fees			150,000	3,210,589	295,024
Intergovernmental		286,344			
Tax increment			249,015		
Rental income		188,542	2,739,917		
Interest		17,577	6,439		4,078
Miscellaneous	38,900				
Total Revenues	1,689,912	492,463	3,145,371	3,210,589	299,102
Expenditures:					
Current:					
Highways and public improvements				2,885,493	256,221
Parks and recreation	2,213,582	19,188	2,583,171		
Principal		17,172	123,978		
Interest		2,232	16,113		
Total Expenditures	2,213,582	38,592	2,723,262	2,885,493	256,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	(523,670)	453,871	422,109	325,096	42,881
Other Financing Sources (Uses):					
Transfers in	2,017,528		1,789,885		
Transfers out	(1,609,926)	(657,205)	(2,735,442)	(369,500)	
Total Other Financing Sources (Uses)	407,602	(657,205)	(945,557)	(369,500)	0
Net Change in Fund Balances	(116,068)	(203,334)	(523,448)	(44,404)	42,881
Fund Balances, Beginning	(1,238,348)	127,351	(242,029)	1,403,443	420,976
Fund Balances, Ending	\$ (1,354,416)	\$ (75,983)	\$ (765,477)	\$ 1,359,039	\$ 463,857

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2005

	Special Revenue Funds				
	Park Impact Fee	Fire Impact Fee	Police Impact Fee	Flood Impact Fee	Stormwater Drainage
Revenues:					
Fees	\$ 212,363	\$ 84,358	\$ 56,188	\$ 104,573	\$ 2,901,636
Interest	3,402	1,518	224	1,701	
Total Revenues	215,765	85,876	56,412	106,274	2,901,636
Expenditures:					
Current:					
Highways and public improvements				75,770	2,585,633
Parks and recreation	361,752				
Principal					202,679
Interest					8,176
Total Expenditures	361,752	0	0	75,770	2,796,488
Excess (Deficiency) of Revenues Over (Under) Expenditures	(145,987)	85,876	56,412	30,504	105,148
Other Financing Sources (Uses):					
Transfers out		(36,500)	(30,000)		(320,000)
Total Other Financing Sources (Uses)	0	(36,500)	(30,000)	0	(320,000)
Net Change in Fund Balances	(145,987)	49,376	26,412	30,504	(214,852)
Fund Balances, Beginning	1,315,371	158,142	318,657	149,430	1,288,166
Fund Balances, Ending	\$ 1,169,384	\$ 207,518	\$ 345,069	\$ 179,934	\$ 1,073,314

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (Continued)
For The Year Ended June 30, 2005

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Cultural Celebration Center	Grants	Total	Capital Projects	
Revenues:					
Annual passes and activity fees	\$	\$	\$ 1,651,012	\$	\$ 1,651,012
Fees			7,014,731		7,014,731
Intergovernmental		3,276,391	3,562,735		3,562,735
Tax increment			249,015		249,015
Rental income	178,610		3,107,069		3,107,069
Interest		1,958	36,897	17,202	54,099
Miscellaneous	26,402		65,302	286,096	351,398
Total Revenues	205,012	3,278,349	15,686,761	303,298	15,990,059
Expenditures:					
Current:					
General government		228,616	228,616		228,616
Public safety		1,415,536	1,415,536		1,415,536
Highways and public improvements			5,803,117		5,803,117
Parks and recreation	789,387		5,967,080		5,967,080
Community development		1,358,427	1,358,427		1,358,427
Debt service:					
Principal		113,000	456,829		456,829
Interest		161,221	187,742		187,742
Capital outlay				11,187	11,187
Total Expenditures	789,387	3,276,800	15,417,347	11,187	15,428,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	(584,375)	1,549	269,414	292,111	561,525
Other Financing Sources (Uses):					
Transfers in	591,360		4,398,773	238,818	4,637,591
Transfers out			(5,758,573)	(907,289)	(6,665,862)
Total Other Financing Sources (Uses)	591,360	0	(1,359,800)	(668,471)	(2,028,271)
Net Change in Fund Balances	6,985	1,549	(1,090,386)	(376,360)	(1,466,746)
Fund Balances, Beginning	(423,136)	10,558	3,288,581	5,301,613	8,590,194
Fund Balances, Ending	\$ (416,151)	\$ 12,107	\$ 2,198,195	\$ 4,925,253	\$ 7,123,448

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

Fitness Center - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Annual passes and activity fees	\$ 1,787,010	\$ 1,787,978	\$ 1,651,012	\$ (136,966)
Miscellaneous	20,000	20,500	38,900	18,400
Total Revenues	1,807,010	1,808,478	1,689,912	(118,566)
Expenditures:				
Current:				
Parks and recreation	2,398,842	2,171,080	2,213,582	(42,502)
Capital outlay	45,000	45,000		45,000
Total Expenditures	2,443,842	2,216,080	2,213,582	2,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(636,832)	(407,602)	(523,670)	(116,068)
Other Financing Sources (Uses):				
Transfers in	2,246,758	2,017,528	2,017,528	
Transfers out	(1,609,926)	(1,609,926)	(1,609,926)	
Total Other Financing Sources (Uses)	636,832	407,602	407,602	0
Net Change in Fund Balances	0	0	(116,068)	(116,068)
Fund Balances, Beginning	(1,238,348)	(1,238,348)	(1,238,348)	0
Fund Balances, Ending	\$ (1,238,348)	\$ (1,238,348)	\$ (1,354,416)	\$ (116,068)

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2005

Hale Theatre - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 286,344	\$ 286,344	\$ 286,344	\$
Rental income	443,716	443,716	188,542	(255,174)
Interest			17,577	17,577
Total Revenues	730,060	730,060	492,463	(237,597)
Expenditures:				
Current:				
Parks and recreation	33,364	33,364	19,188	14,176
Debt service:				
Principal	16,154	16,154	17,172	(1,018)
Interest	3,250	3,250	2,232	1,018
Total Expenditures	52,768	52,768	38,592	14,176
Excess (Deficiency) of Revenues Over (Under) Expenditures	677,292	677,292	453,871	(223,421)
Other Financing Sources (Uses):				
Transfers out	(677,292)	(677,292)	(657,205)	20,087
Total Other Financing Sources (Uses)	(677,292)	(677,292)	(657,205)	20,087
Net Change in Fund Balances	0	0	(203,334)	(203,334)
Fund Balances, Beginning	127,351	127,351	127,351	0
Fund Balances, Ending	\$ 127,351	\$ 127,351	\$ (75,983)	\$ (203,334)

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2005

E Center - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 453,000	\$ 453,000	\$ 150,000	\$ (303,000)
Tax increment	285,000	285,000	249,015	(35,985)
Rental income	3,319,600	3,319,600	2,739,917	(579,683)
Interest			6,439	6,439
Total Revenues	4,057,600	4,057,600	3,145,371	(912,229)
Expenditures:				
Current:				
Parks and recreation	2,969,951	2,969,951	2,583,171	386,780
Debt service:				
Principal	118,631	118,631	123,978	(5,347)
Interest	23,461	23,461	16,113	7,348
Total Expenditures	3,112,043	3,112,043	2,723,262	388,781
Excess (Deficiency) of Revenues Over (Under) Expenditures	945,557	945,557	422,109	(523,448)
Other Financing Sources (Uses):				
Transfers in	1,789,885	1,789,885	1,789,885	
Transfers out	(2,735,442)	(2,735,442)	(2,735,442)	
Total Other Financing Sources (Uses)	(945,557)	(945,557)	(945,557)	0
Net Change in Fund Balances	0	0	(523,448)	(523,448)
Fund Balances, Beginning	(242,029)	(242,029)	(242,029)	0
Fund Balances, Ending	\$ (242,029)	\$ (242,029)	\$ (765,477)	\$ (523,448)

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)
For The Year Ended June 30, 2005

	Sanitation - Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 3,142,000	\$ 3,142,000	\$ 3,210,589	\$ 68,589
Total Revenues	3,142,000	3,142,000	3,210,589	68,589
Expenditures:				
Current:				
Highways and public improvements	2,772,500	2,923,942	2,885,493	38,449
Total Expenditures	2,772,500	2,923,942	2,885,493	38,449
Excess (Deficiency) of Revenues Over (Under) Expenditures	369,500	218,058	325,096	107,038
Other Financing Sources (Uses):				
Transfers out	(369,500)	(369,500)	(369,500)	
Total Other Financing Sources (Uses)	(369,500)	(369,500)	(369,500)	0
Net Change in Fund Balances	0	(151,442)	(44,404)	107,038
Fund Balances, Beginning	1,403,443	1,403,443	1,403,443	0
Fund Balances, Ending	\$ 1,403,443	\$ 1,252,001	\$ 1,359,039	\$ 107,038

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Road Impact - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 350,000	\$ 350,000	\$ 295,024	\$ (54,976)
Interest			4,078	4,078
Total Revenues	350,000	350,000	299,102	(50,898)
Expenditures:				
Current:				
Highways and public improvements	350,000	839,266	256,221	583,045
Total Expenditures	350,000	839,266	256,221	583,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(489,266)	42,881	532,147
Net Change in Fund Balances	0	(489,266)	42,881	532,147
Fund Balances, Beginning	420,976	420,976	420,976	0
Fund Balances, Ending	\$ 420,976	\$ (68,290)	\$ 463,857	\$ 532,147

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Park Impact Fee - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 340,000	\$ 340,000	\$ 212,363	\$ (127,637)
Interest			3,402	3,402
Total Revenues	340,000	340,000	215,765	(124,235)
Expenditures:				
Current:				
Parks and recreation	340,000	340,235	361,752	(21,517)
Total Expenditures	340,000	340,235	361,752	(21,517)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	(235)	(145,987)	(145,752)
Net Change in Fund Balances	0	(235)	(145,987)	(145,752)
Fund Balances, Beginning	1,315,371	1,315,371	1,315,371	0
Fund Balances, Ending	\$ 1,315,371	\$ 1,315,136	\$ 1,169,384	\$ (145,752)

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Fire Impact Fee - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 36,500	\$ 36,500	\$ 84,358	\$ 47,858
Interest			1,518	1,518
Total Revenues	36,500	36,500	85,876	49,376
Expenditures:				
Current:				
General government				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,500	36,500	85,876	49,376
Other Financing Sources (Uses):				
Transfers out	(36,500)	(36,500)	(36,500)	
Total Other Financing Sources (Uses)	(36,500)	(36,500)	(36,500)	0
Net Change in Fund Balances	0	0	49,376	49,376
Fund Balances, Beginning	158,142	158,142	158,142	0
Fund Balances, Ending	\$ 158,142	\$ 158,142	\$ 207,518	\$ 49,376

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Police Impact - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 31,300	\$ 31,300	\$ 56,188	\$ 24,888
Interest			224	224
Total Revenues	31,300	31,300	56,412	25,112
Expenditures:				
Current:				
Public safety	1,300	1,300		1,300
Total Expenditures	1,300	1,300	0	1,300
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	30,000	30,000	56,412	26,412
Other Financing Sources (Uses):				
Transfers out	(30,000)	(30,000)	(30,000)	
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(30,000)	0
Net Change in Fund Balances	0	0	26,412	26,412
Fund Balances, Beginning	318,657	318,657	318,657	0
Fund Balances, Ending	\$ 318,657	\$ 318,657	\$ 345,069	\$ 26,412

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Flood Impact - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 250,000	\$ 250,000	\$ 104,573	\$ (145,427)
Interest			1,701	1,701
Total Revenues	250,000	250,000	106,274	(143,726)
Expenditures:				
Current:				
Highways and public improvements	250,000	250,000	75,770	174,230
Total Expenditures	250,000	250,000	75,770	174,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	30,504	30,504
Net Change in Fund Balances	0	0	30,504	30,504
Fund Balances, Beginning	149,430	149,430	149,430	0
Fund Balances, Ending	\$ 149,430	\$ 149,430	\$ 179,934	\$ 30,504

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Stormwater Drainage - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees	\$ 2,788,000	\$ 2,788,000	\$ 2,901,636	\$ 113,636
Total Revenues	2,788,000	2,788,000	2,901,636	113,636
Expenditures:				
Current:				
Highways and public improvements	1,375,107	1,383,735	2,585,633	(1,201,898)
Debt service:				
Principal	198,954	198,954	202,679	(3,725)
Interest	19,045	19,045	8,176	10,869
Capital outlay	874,894	1,880,403		1,880,403
Total Expenditures	2,468,000	3,482,137	2,796,488	685,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	320,000	(694,137)	105,148	799,285
Other Financing Sources (Uses):				
Transfers out	(320,000)	(320,000)	(320,000)	
Total Other Financing Sources (Uses)	(320,000)	(320,000)	(320,000)	0
Net Change in Fund Balances	0	(1,014,137)	(214,852)	799,285
Fund Balances, Beginning	1,288,166	1,288,166	1,288,166	0
Fund Balances, Ending	\$ 1,288,166	\$ 274,029	\$ 1,073,314	\$ 799,285

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Cultural Celebration Center - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Rental income	\$ 120,000	\$ 137,558	\$ 178,610	\$ 41,052
Miscellaneous	270,000	270,000	26,402	(243,598)
Total Revenues	390,000	407,558	205,012	(202,546)
Expenditures:				
Current:				
Parks and recreation	981,360	999,204	789,387	209,817
Total Expenditures	981,360	999,204	789,387	209,817
Excess (Deficiency) of Revenues Over (Under) Expenditures	(591,360)	(591,646)	(584,375)	7,271
Other Financing Sources (Uses):				
Transfers in	591,360	591,360	591,360	
Total Other Financing Sources (Uses)	591,360	591,360	591,360	0
Net Change in Fund Balances	0	(286)	6,985	7,271
Fund Balances, Beginning	(423,136)	(423,136)	(423,136)	0
Fund Balances, Ending	\$ (423,136)	\$ (423,422)	\$ (416,151)	\$ 7,271

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

Grants - Special Revenue Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,372,902	\$ 5,441,384	\$ 3,276,391	\$ (2,164,993)
Interest			1,958	1,958
Total Revenues	2,372,902	5,441,384	3,278,349	(2,163,035)
Expenditures:				
Current:				
General government	165,553	379,635	228,616	151,019
Public safety	1,025,063	2,350,609	1,415,536	935,073
Community development	983,708	2,255,775	1,358,427	897,348
Debt service:				
Principal	81,829	187,645	113,000	74,645
Interest	116,749	267,720	161,221	106,499
Total Expenditures	2,372,902	5,441,384	3,276,800	2,164,584
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	1,549	1,549
Net Change in Fund Balances	0	0	1,549	1,549
Fund Balances, Beginning	10,558	10,558	10,558	0
Fund Balances, Ending	\$ 10,558	\$ 10,558	\$ 12,107	\$ 1,549

WEST VALLEY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS
(Continued)

For The Year Ended June 30, 2005

	Capital Projects			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Interest	\$	\$	\$ 17,202	\$ 17,202
Miscellaneous			286,096	286,096
Total Revenues	0	0	303,298	303,298
Expenditures:				
Capital outlay		17,582	11,187	6,395
Total Expenditures	0	17,582	11,187	6,395
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(17,582)	292,111	309,693
Other Financing Sources (Uses):				
Transfers in			238,818	238,818
Transfers out	(735,534)	(907,289)	(907,289)	
Total Other Financing Sources (Uses)	(735,534)	(907,289)	(668,471)	238,818
Net Change in Fund Balances	(735,534)	(924,871)	(376,360)	548,511
Fund Balances, Beginning	5,301,613	5,301,613	5,301,613	0
Fund Balances, Ending	\$ 4,566,079	\$ 4,376,742	\$ 4,925,253	\$ 548,511

WEST VALLEY CITY
COMBINING STATEMENT OF NET ASSETS -
NONMAJOR ENTERPRISE FUNDS
June 30, 2005

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 683,292	\$	\$ 683,292
Accounts receivable, net	114,532		114,532
Prepays	11,925		11,925
Due from other funds	1,298,953		1,298,953
Total Current Assets	2,108,702	0	2,108,702
Noncurrent Assets:			
Restricted cash and cash equivalents	486,810		486,810
Capital assets, net:			
Land	179,070		179,070
Buildings	670,275		670,275
Machinery and equipment	14,020	1,134,818	1,148,838
Total Noncurrent Assets	1,350,175	1,134,818	2,484,993
Total Assets	\$ 3,458,877	\$ 1,134,818	\$ 4,593,695
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 260,002	\$ 2,100	\$ 262,102
Accrued liabilities	22,936		22,936
Accrued interest payable		20,276	20,276
Capital Lease		132,955	132,955
Total Current Liabilities	282,938	155,331	438,269
Noncurrent Liability			
Capital Lease		999,763	999,763
Total Noncurrent Liability	0	999,763	999,763
Total Liabilities	282,938	1,155,094	1,438,032
Net Assets:			
Invested in capital assets, net of related debt	863,365	2,100	865,465
Restricted for Housing Authority	486,810		486,810
Unrestricted	1,825,764	(22,376)	1,803,388
Total Net Assets	3,175,939	(20,276)	3,155,663
Total Liabilities and Net Assets	\$ 3,458,877	\$ 1,134,818	\$ 4,593,695

WEST VALLEY CITY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS – NONMAJOR ENTERPRISE FUNDS
For The Year Ended June 30, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Housing Authority</u>	<u>Ambulance Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating Revenues:			
Equipment and facility rents	\$ 37,385	\$	\$ 37,385
Miscellaneous	105,247		105,247
Total Operating Revenues	142,632	0	142,632
Operating Expenses:			
General and administrative	478,968		478,968
Housing Payments	2,695,279		2,695,279
Depreciation	49,540		49,540
Total Operating Expenses	3,223,787	0	3,223,787
Operating Income (loss)	(3,081,155)	0	(3,081,155)
Nonoperating Income (Expense):			
Intergovernmental revenue	3,107,196		3,107,196
Interest income	8,526		8,526
Interest expense		(20,276)	(20,276)
Total Nonoperating Income (Expense)	3,115,722	(20,276)	3,095,446
Changes in Net Assets	34,567	(20,276)	14,291
Net Assets, Beginning	3,141,372	0	3,141,372
Net Assets, Ending	<u>\$ 3,175,939</u>	<u>\$ (20,276)</u>	<u>\$ 3,155,663</u>

WEST VALLEY CITY
COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
For The Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds		
	Housing Authority	Ambulance Fund	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 157,009	\$	\$ 157,009
Payments to suppliers	(2,897,082)		(2,897,082)
Payments to employees and related benefits	(314,562)		(314,562)
Net cash flows from operating activities	(3,054,635)	0	(3,054,635)
Cash Flows From Non-Capital Financing Activities:			
Subsidy from federal grants	3,107,196		3,107,196
Net cash flows from non-capital financing activities	3,107,196	0	3,107,196
Cash Flows From Investing Activities:			
Interest on investments	8,526		8,526
Net cash flows from investing activities	8,526	0	8,526
Net Increase (Decrease) In Cash	61,087	0	61,087
Cash At Beginning Of Year	1,109,015	0	1,109,015
Cash At End Of Year	<u>\$ 1,170,102</u>	<u>\$ 0</u>	<u>\$ 1,170,102</u>
 Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (3,081,155)	\$	\$ (3,081,155)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	49,540		49,540
(Increase) Decrease in accounts receivables	14,374		14,374
(Increase) Decrease in prepaids	(11,925)		(11,925)
Increase (Decrease) in accounts payable	(29,449)		(29,449)
Increase (Decrease) in accrued liabilities	3,980		3,980
Net cash flows from operating activities	<u>\$ (3,054,635)</u>	<u>\$ 0</u>	<u>\$ (3,054,635)</u>

WEST VALLEY CITY
SCHEDULE OF ARTS COUNCIL REVENUES AND EXPENDITURES
For The Year Ended June 30, 2005

Revenues:

Charges for Services	<u>\$ 60,277</u>
Total Revenues	<u>60,277</u>

Expenditures:

Wages and Benefits	7,412
Public Notices and Advertisements	69
Office Supplies	953
Farmer's Market	71
Community Activities	2,435
Civic Group	5,683
West Valley Theater Company	<u>26,537</u>
Total Expenditures	<u>43,160</u>

Excess (Deficiency) of Revenues
Over (Under) Expenditures

\$ 17,117

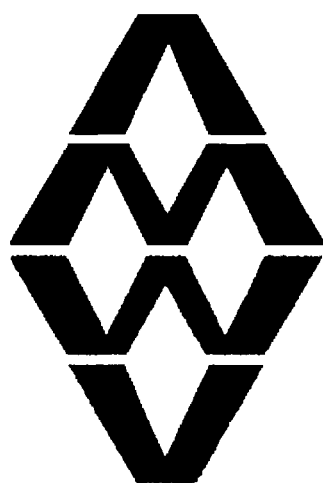


TABLE 1

WEST VALLEY CITY, UTAH

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Fiscal year ended June 30,	Last ten fiscal years						
	General Government	Public Safety	Highway and Public Improvements	Parks, Recreation and Public Property	Community And Economic Development	Other Non- departmental	Debt Service
							Capital Outlay
							Total
1996	\$7,059,794	\$12,801,814	\$5,075,863	\$535,172	\$1,386,979	\$5,585,256	\$1,700,004
1997	8,371,122	12,759,475	6,225,829	655,198	1,461,688	6,376,032	2,027,982
1998	10,695,961	14,242,017	8,147,088	905,993	1,667,064	4,275,863	5,676,971
1999	4,950,379	15,217,791	6,491,203	1,095,604	1,771,159	8,225,806	11,139,433
2000	5,542,050	15,953,232	7,116,418	1,438,866	1,770,478	9,207,581	12,494,289
2001	7,470,552	19,130,615	9,487,555	3,362,836	1,784,725	4,469,616	12,505,970
2002	7,777,674	21,756,996	10,682,679	4,484,556	2,069,114	22,859,175	23,649,235
2003	10,066,326	22,663,486	10,784,714	7,244,254	7,318,565	10,431,966	12,412,568
2004	9,028,518	24,086,915	10,421,613	7,550,057	10,284,130	2,783,702	15,530,825
2005	8,828,276	25,279,505	11,412,199	7,355,951	6,217,143	2,583,819	13,871,635
							150,715
							75,699,243

Note:

(1) Includes General, Special Revenue, Capital Improvement Funds.

Source:

West Valley City Finance Department

WEST VALLEY CITY, UTAH

TOTAL GOVERNMENTAL EXPENDITURES

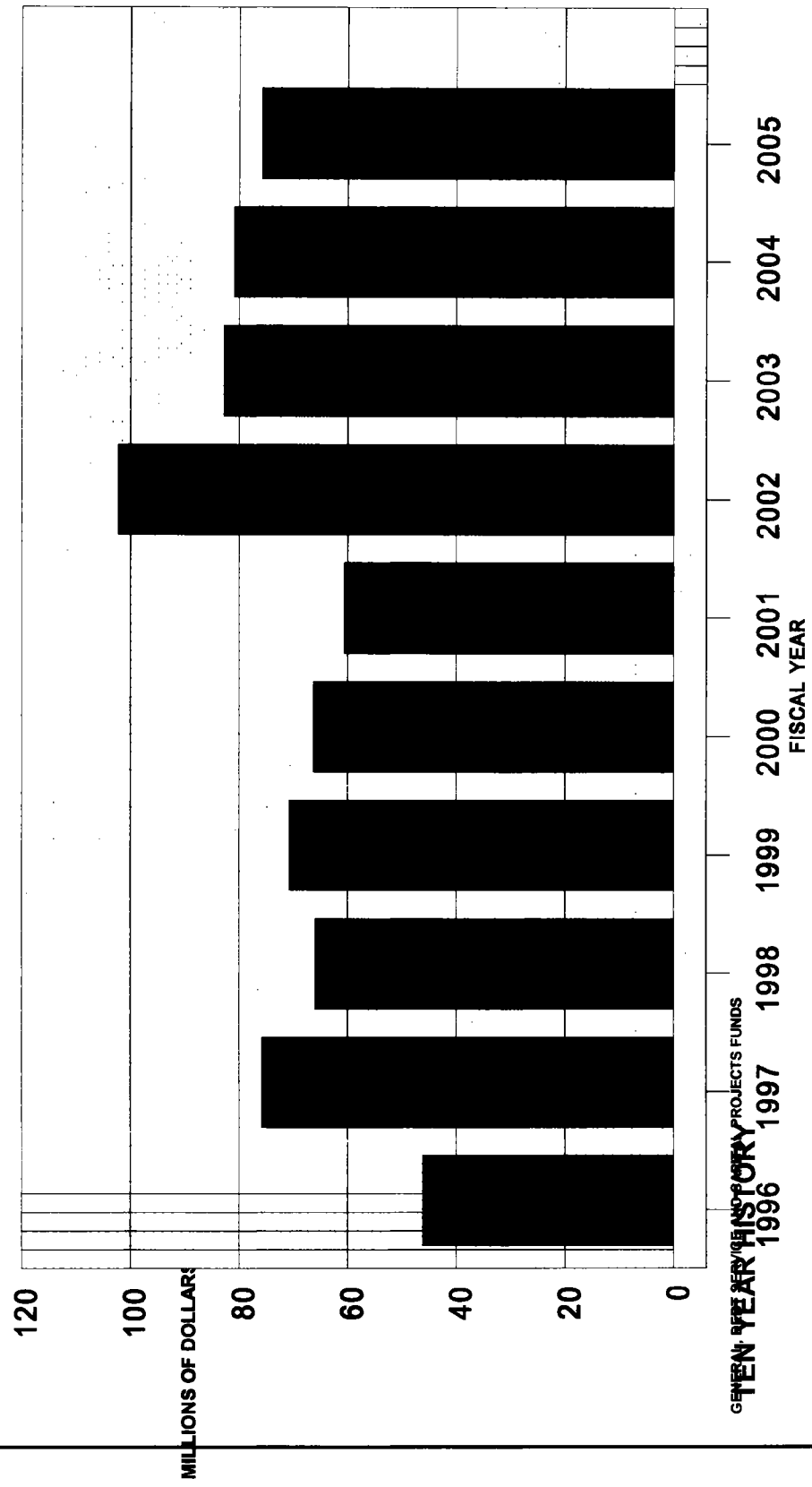


TABLE 2

WEST VALLEY CITY, UTAH

ALL GOVERNMENT REVENUES BY SOURCE

Last ten fiscal years

Fiscal year ended June 30,	Licenses Permits		Inter- governmental	Fines and Forfeitures	Charges for Services	Interest	Other	Total
	Taxes	Fees & Passes						
1996	\$21,334,233	\$2,496,203	\$5,963,955	\$886,378	\$2,733,040	\$851,143	\$1,494,921	\$35,759,873
1997	24,344,396	2,504,747	7,490,241	633,191	2,690,074	1,462,312	3,848,557	42,973,518
1998	26,420,978	2,383,661	6,694,505	805,087	3,161,880	1,200,079	7,329,947	47,996,137
1999	30,720,882	4,805,736	6,455,234	896,069	4,086,702	2,386,876	3,701,960	53,053,459
2000	31,640,707	5,729,714	6,780,890	1,743,394	3,921,527	2,447,089	3,734,263	55,997,584
2001	34,029,938	8,688,791	6,706,613	2,770,033	1,708,021	3,678,781	3,338,997	60,921,174
2002	38,003,111	11,142,692	7,494,892	3,698,615	1,386,403	4,189,009	10,621,583	76,536,305
2003	37,118,081	12,197,091	8,739,811	4,096,954	1,536,230	3,379,737	7,857,556	74,925,460
2004	39,506,614	12,387,302	8,462,920	4,325,697	1,579,292	3,246,550	7,697,966	77,206,341
2005	41,173,802	11,527,361	6,823,598	3,750,382	1,768,443	3,261,669	5,278,917	73,584,172

Note: Includes All Governmental Fund Types.

Source:
West Valley City Finance Department

WEST VALLEY CITY, UTAH

TOTAL GOVERNMENTAL REVENUES

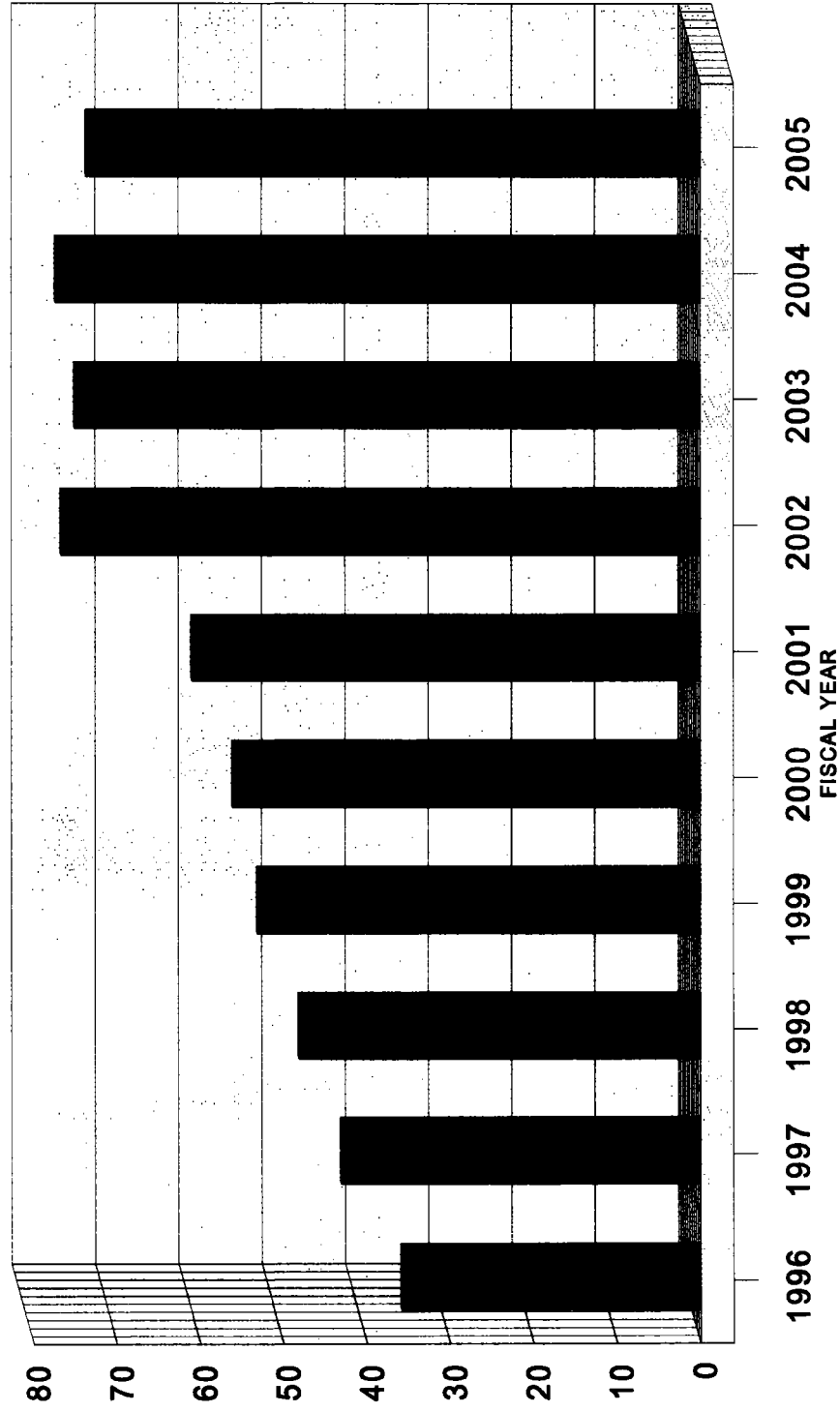


TABLE 3**WEST VALLEY CITY, UTAH****GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE****Last ten fiscal years**

Fiscal year ended June 30,	General Property Taxes	General Sales and Use Taxes	Franchise Taxes	Other Taxes	Total Tax Revenues
1996	\$5,881,672	\$11,985,223	\$3,467,338		\$21,334,233
1997	7,812,023	12,470,830	4,061,543		24,344,396
1998	8,875,819	13,224,455	4,320,704		26,420,978
1999	9,965,168	14,049,492	4,470,420		28,485,080
2000	12,733,423	14,725,207	4,182,077		31,640,707
2001	13,141,140	15,026,914	5,604,020		33,772,074
2002	14,927,193	16,776,046	5,992,269		37,695,508
2003	16,482,426	14,586,796	5,807,978	\$240,881	37,118,081
2004	16,978,654	15,375,398	6,997,395	155,167	39,506,614
2005	16,865,706	17,061,625	7,246,471		41,173,802

Source:

West Valley City Finance Department

WEST VALLEY CITY, UTAH

TOTAL GOVERNMENTAL TAX REVENUES

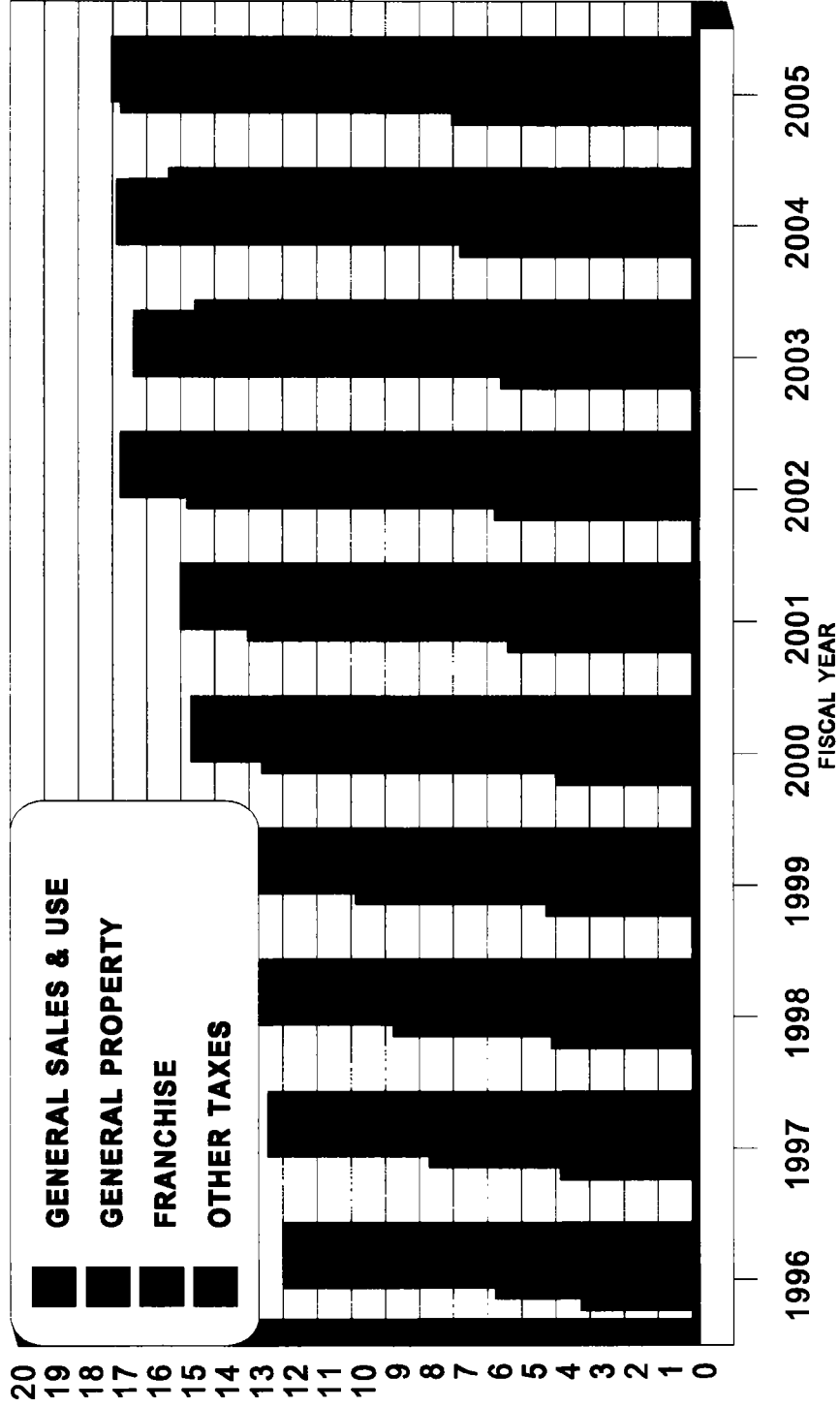


TABLE 4

WEST VALLEY CITY, UTAH

PROPERTY TAX LEVIES AND COLLECTIONS

(GENERAL FUND ONLY)

Fiscal Year Ended	Total Tax Levy	Last Ten Years			Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
		Current Taxes Collected	Percent of Current Taxes Collected	Redemption of Prior Years Taxes			
					Total Taxes Collected		
1996	\$5,232,719	\$5,135,824	98.1%	\$131,520	\$5,267,344	\$187,662	3.6%
1997	5,666,255	5,508,181	97.2%	123,480	5,631,661	234,963	4.1%
1998	8,172,439	7,855,444	96.1%	151,419	8,006,863	370,472	4.5%
1999	8,710,403	8,158,404	93.7%	247,239	8,405,643	444,178	5.1%
2000	9,488,707	9,095,091	95.9%	295,972	9,391,063	587,720	6.2%
2001	10,416,118	10,085,638	96.8%	315,325	10,400,963	505,021	4.8%
2002	11,613,891	11,108,869	95.7%	325,055	11,433,924	409,463	3.5%
2003	11,925,481	11,634,824	97.6%	415,123	12,049,947	448,169	3.8%
2004	12,208,084	11,881,596	97.3%	503,502	12,385,098	384,434	3.1%
2005	12,160,390	11,737,382	96.5%	356,185	12,093,567	91,769	0.8%

Source: Salt Lake County Treasurer's Office - Calendar Year End

TABLE 5**WEST VALLEY CITY, UTAH****ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(GENERAL FUND ONLY)****Last ten fiscal years**

Fiscal Year Ended June 30,	Assessed Taxable Valuation	Market Value Estimate	Ratio of Assessed to Estimated Actual Value
1996	\$2,250,713,775 (1)	\$3,164,247,327 (2)	71.13%
1997	2,561,072,011 (1)	3,608,900,734 (2)	70.97%
1998	2,893,233,087 (1)	4,095,956,522 (2)	70.64%
1999	3,315,170,626 (1)	4,611,672,486 (2)	71.89%
2000	3,451,966,511 (1)	4,835,626,534 (2)	71.39%
2001	3,778,240,574 (1)	5,282,643,415 (2)	71.52%
2002	3,951,073,700 (1)	5,213,753,550 (2)	75.78%
2003	4,070,308,896 (1)	5,181,906,550 (2)	78.55%
2004	4,060,367,903 (1)	5,234,344,610 (2)	77.57%
2005	4,085,265,837 (1)	5,422,357,860 (2)	75.34%

(1) Adjusted for RDA and Board of Equalization adjustments.
Property Tax Levy established using this number from Salt Lake County.

(2) Estimate by West Valley Finance Department based on data from Utah State Tax Commission.

Source: Salt Lake County and Utah State Tax Commissions

TABLE 6

**WEST VALLEY CITY, UTAH
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

(Tax Rate Per \$1,000 of Assessed Value)

Last ten fiscal years

Fiscal year ended June 30,	West Valley City	Salt Lake County	Granite School District	Granger Hunter Imp. District	Magna Water Company	Magna Mosquito Abatement	Taylorsville Bennion Imp. District	Kearns Imp. District	Central Utah Water Conservation	Salt Lake Mosquito Abatement District	Jordan Valley Water Cons. Dist	Total
1996	0.0020350	0.0040090	0.0068960	0.0006340	0.0019280	0.0000650	0.0002710	0.0006850	0.0003490	0.0000850	0.0003330	0.0172700
1997	0.0020490	0.0052970	0.0061300	0.0006190	0.0015100	0.0000650	0.0002650	0.0005970	0.0003420	0.0000850	0.0003210	0.0172600
1998	0.0019290	0.0051640	0.0058070	0.0005900	0.0014890	0.0000620	0.0002440	0.0005800	0.0004000	0.0000770	0.0004000	0.0167420
1999	0.0024560	0.0038280	0.0057120	0.0005860	0.0014640	0.0000610	0.0002450	0.0005210	0.0003970	0.0000130	0.0004030	0.0156880
2000	0.0024870	0.0040050	0.0070260	0.0005930	0.0017490	0.0000630	0.0002470	0.0005150	0.0003960	0.0000130	0.0004040	0.0174980
2001	0.0024900	0.0029040	0.0067800	0.0005390	0.0015960	0.0000570	0.0023200	0.0004820	0.0003770	0.0000120	0.0004000	0.0179570
2002	0.0026660	0.0045170	0.0083500	0.0005260	0.0016210	0.0000570	0.0002240	0.0004710	0.0003690	0.0000140	0.0004000	0.0192150
2003	0.0026540	0.0053260	0.0064600	0.0005190	0.0015750	0.0000600	0.0002060	0.0004570	0.0004000	0.0000140	0.0003920	0.0180630
2004	0.0027030	0.0063030	0.0068000	0.0008000	0.0015650	0.0000630	0.0021000	0.0008000	0.0003580	0.0000340	0.0003970	0.0219230
2005	0.0026940	0.0066630	0.0067460	0.0007980	0.0013380	0.0000630	0.0002040	0.0007870	0.0003530	0.0000330	0.0003920	0.0200710

Notes: Effective for fiscal year 1987, the Utah State Legislature adopted the Truth in Taxation Act which changed the method of calculating assessed value. The new assessed amount reflects the fair cash value of the property and is five times greater than the assessed value used in prior years. Therefore, the property tax rates were adjusted.

Source: Salt Lake County Auditor's Office

TABLE 7
WEST VALLEY CITY, UTAH
PRINCIPAL TAXPAYERS

For the fiscal year ended June 30, 2005

<u>TAXPAYER</u>	<u>BUSINESS TYPE</u>	<u>FY 04-05 TAXABLE MARKET VALUE (1)</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Alliant Techsystem	Defense Contractor	\$92,284,300	2.44 %
Pacificorp	Electric Utility	53,551,053	1.42 %
Novus Development	Credit Card	52,789,100	1.40 %
Franklin Development	Time Management	47,315,412	1.25 %
Boyd Enterprises	Developer / Builder	36,314,917	0.96 %
Valley Fair Mall	Retail Shopping Mall	35,195,200	0.93 %
Wal-Mart	Retail store	32,371,000	0.86 %
Truck Pro	Truck Sales	30,714,639	0.81 %
Parkway Center LC	Development Company	27,140,500	0.72 %
Legacy Lake Park LP	Real estate agents & managers	22,831,015	0.60 %
IHC Health Services	Health Care	18,788,690	0.50 %
Questar Gas	Natural Gas Utility	18,532,238	0.49 %
Carmike Cinemas	Entertainment	17,443,700	0.46 %
Transwestern Metro Business	Business Center	17,301,643	0.46 %
Quest	Phone Carrier	16,074,776	0.43 %
HCPI/Utah llc	Hospital	14,941,200	0.40 %
Verizon Wireless	Phone Carrier	8,176,623	0.22 %
		<u>\$541,766,006</u>	<u>14.34 %</u>

Taxable Market Values Represent Both Real and Personal Property

(1) Utah State Tax Commission

TABLE 8**West Valley City, Utah****COMPUTATION OF LEGAL DEBT MARGIN-ALL FUNDS****For the fiscal year ended June 30, 2005**

Assessed Valuation:	
Primary Residential	\$2,467,330,937
All Other	<u>1,617,934,900</u>
Total Assessed Valuation	<u>\$4,085,265,837</u>
Reasonable Fair Cash Value	<u><u>\$5,422,357,860</u></u>
	<u>General - 4%</u>
Debt limit	
4% of Reasonable Fair	
cash Value (1)	\$216,894,314
Less Outstanding General	
Obligation Bonds	<u>-</u>
Legal Debt Margin	<u><u>\$216,894,314</u></u>

Notes:

(1) The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8%, and any unused portion of the 4% available for general purposes up to the maximum 12% may be utilized for water and/or sewer purposes.

Source: West Valley Finance Department

TABLE 9
WEST VALLEY CITY, UTAH
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS
For the fiscal year ended June 30, 2005

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to West Valley City</u>	<u>West Valley City Share of Debt</u>
Direct General Obligation Debt	-	100.00%	-
Overlapping Debt:			
State of Utah	\$1,596,642,200	5.23%	\$83,504,387
Salt Lake County	210,300,000	12.99%	27,317,970
Granite School District	-	- %	-
Granger Hunter Improvement Dist	-	- %	-
Magna Water Company	-	- %	-
Taylorsville-Bennion Improvm Dist	-	- %	-
Kearns Improvement District	-	- %	-
	<u>\$1,806,942,200</u>		<u>\$110,822,357</u>

Source:

West Valley City Finance Department

TABLE 10**WEST VALLEY CITY, UTAH****REVENUE BOND COVERAGE - GOLF COURSE - ENTERPRISE FUND****For the fiscal year ended June 30, 2005**

Fiscal year ended June 30,	Gross Revenues	Operating Expenses	Net revenue available for debt service	Debt service requirements Principal	Interest	Total	Coverage
1996	\$1,671,820	\$790,353	\$881,467	\$327,500	\$405,789	\$733,289	1.202
1997	1,630,242	835,468	794,774	345,000	373,670	718,670	1.106
1998	1,593,027	955,279	637,748	360,000	375,386	735,386	0.867
1999	1,565,367	903,015	662,352	380,000	339,958	719,958	0.920
2000	1,692,501	1,039,821	652,680	397,500	233,140	630,640	1.035
2001	1,542,524	960,566	581,958	336,000	246,837	582,837	0.998
2002	1,552,016	1,054,712	497,304	352,000	225,582	577,582	0.861
2003	1,557,396	1,059,002	498,394	291,895	605,781	897,676	0.555
2004	1,679,162	1,232,071	447,091	403,650	99,374	503,024	0.889
2005	1,536,130	1,070,441	465,689	415,350	87,838	503,188	0.925

Source: West Valley City Finance Department

TABLE 11
WEST VALLEY CITY, UTAH
DEMOGRAPHIC STATISTICS

For the fiscal year ended June 30, 2005

<u>FISCAL YEAR ENDED</u>	<u>POPULATION (1)</u>	<u># OF SQUARE MILES (1)</u>	<u>UNEMPLOYMENT RATE (2)</u>
1996	100,470	34.14	3.8%
1997	104,955	35.70	3.6%
1998	105,000	35.70	4.5%
1999	106,700	35.70	4.5%
2000	108,830	35.70	3.9%
2001	112,362	35.70	5.4%
2002	112,402	35.70	7.0%
2003	114,318	35.70	7.3%
2004	116,719	35.70	6.1%
2005	119,712	35.70	5.8%

Notes:

- (1) West Valley City Community Development Department
- (2) Utah Department of Workforce Services
 Calendar Year End - Six Month Prior to Fiscal Year End

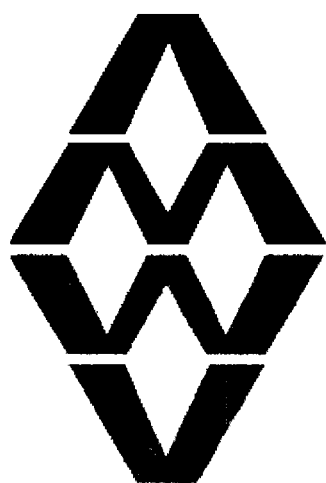


TABLE 12
WEST VALLEY CITY, UTAH
PROPERTY VALUE AND CONSTRUCTION

Last ten fiscal years

Fiscal Year Ended June 30,	Commercial Construction		Residential Construction		Estimated Market Value
	Number of Permits	Estimated Value	Number of Units	Estimated Value	
1996	238	\$92,695,509	1,408	\$74,209,116	\$2,250,713,775
1997	279	57,627,780	1,170	69,211,097	2,561,072,011
1998	492	91,146,445	1,203	53,942,742	2,893,233,087
1999	330	54,179,528	1,233	49,738,606	3,315,170,626
2000	502	70,047,197	1,237	39,078,742	3,451,966,511
2001	388	69,582,000	881	42,163,599	3,778,240,574
2002	340	34,466,320	903	37,981,217	3,951,073,700
2003	134	24,306,594	520	57,083,754	4,070,308,896
2004	138	53,592,282	750	80,451,354	4,060,367,903
2005	174	28,370,492	371	64,020,701	4,085,265,837

Note: Bank deposit amounts are not shown on this schedule since Utah is a branch banking state and deposit figures are currently available on a statewide or county basis.

Source:
West Valley City Community Development Department

TABLE 13

WEST VALLEY CITY, UTAH

MISCELLANEOUS STATISTICAL DATA

For the fiscal year ended June 30, 2005

Date of Incorporation		July 1, 1980
Date Present Form of Government Adopted		January 2, 1982
Form of Government		Council - Manager
Area in square miles:		
	1980	27.12
	1985	27.12
	1990	34.14
	2000	35.70
Miles of streets and sidewalks:		
	Paved streets	309
	Sidewalks (linear feet)	2,682,400
Fire protection:		
	Number of stations	5
	Number of full-time firefighters	76
Police protection:		
	Number of full-time sworn officers	177
	Number of other full-time employees	46
	Number of police vehicles	237
Recreation:		
	Number of parks	17
	Number of acres	160
	Number of swimming pools	2
	Number of tennis courts	15
	Number of golf courses	2
Education:		
	Number of schools:	
	High Schools	2
	Junior High	4
	Elementary	20
Number of street lights		3,763
City employees at June 30, 2005:		
	Elected	7
	Merit - Governmental	269
	Seasonal & Temporary	330

TABLE 13 - CONTINUED
WEST VALLEY CITY, UTAH
MISCELLANEOUS STATISTICAL DATA
For the fiscal year ended June 30, 2005

* Taxable retail sales - last ten years:	1996	\$ 1,240,083,000
See notes 1 & 2	1997	1,322,445,500
	1998	1,404,949,200
	1999	1,472,520,700
	2000	1,485,300,000
	2001	1,495,641,000
	2002	1,397,413,000
	2003	1,060,484,695
	2004	1,157,107,997
	2005	1,391,418,097

Principal employers:	Number of Employees
Discover Financial Services Inc.	2,927
United Parcel Service Inc.	1,572
Wal-Mart	1,229
Zions 1st Natl Bank/Zions Data Serv	1,102
Verizon Wireless (VAW) LLC	1,010
Alliant Techsystem Inc.	817
Six Continents Hotels Inc.	746
Wheeler Machinery/lcm Division	596
Ingenix Inc.	566
Franklin Covey Co.	560
C R England & Sons Inc.	559
Pioneer Valley Hospital	452
USANA Health Sciences INC.	425
Frito Lay Inc.	419
Yellow Freight System Inc.	374
Moog Aircraft Group Salt Lake Operations	364
Freightliner of Utah LLC	341
Health Benefits America	327
Arch Wireless	323
Mervyns #993	320
Clarke American Checks Inc.	320
First Health Strategies	316
Harmons	316
Parker Hannifin Corp.	283
Granger Medical Clinic Inc.	257
Clear Channel Broadcasting of S.L.C	249
Pride Transport Inc.	246
3Com Corp	230
Onsite Inc.	228
Basic Precast Co.	194
The Mark Travel Corp	141

Source: * Sales figures from State Tax Commission fiscal Year

TABLE 14

WEST VALLEY CITY, UTAH

REDEVELOPMENT AGENCY BOND - SERIES 1997

For the fiscal year ended June 30, 2005

Taxable Value of all Project Areas Securing the Bond Issue.

Willow Wood	\$18,981,946
Hercules Parcel A	128,579,940
Hercules Parcel B	35,470,288
Redwood	87,070,160
Market Street	13,447,944
Total	<u>\$283,550,278</u>

The Incremental Value of the Project Area Securing the Bond Issue.

Willow Wood	\$17,860,551
Hercules Parcel A	128,579,940
Hercules Parcel B	35,470,288
Redwood	87,070,160
Market Street	7,325,722
Total	<u>\$276,306,661</u>

Overall Tax Rates and Incremental Rate.

Willow Wood	1.4565%
Hercules Parcel A	1.6070%
Hercules Parcel B	1.6070%
Redwood	1.4565%
Market Street	1.4565%

Coverage Tables

Assessment Year	Revenues	ADL Payments	Funds Available For Debt Service	Debt Service	Debt Service Ratio
1997	\$1,836,348	\$652,000	\$1,184,348	\$400,251	295.901%
1998	2,243,627	724,989	1,518,638	400,251	379.421%
1999	2,235,398	646,103	1,589,295	500,251	317.700%
2000	2,814,338	468,932	2,345,406	500,951	468.191%
2001	2,683,531	558,451	2,125,080	506,174	419.832%
2002	2,727,315	1,192,339	1,534,976	510,188	300.864%
2003	4,451,724	1,192,339	3,259,385	510,188	638.860%
2004	4,508,249	1,050,259	3,457,990	508,759	679.691%
2005	4,270,245	1,323,182	2,938,935	509,594	576.721%

During the year 2001/2002 an agreement was reached with the Granite School District for payments of Additional Increment payments. The City paid \$1,205,380 for prior years, and \$316,198 for the current year. These amounts are included in the ADL Payments column.

Source:

West Valley City RDA and Salt Lake County Auditors Annual RDA Tax Increment Report

WEST VALLEY CITY
SUPPLEMENTARY REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

**WEST VALLEY CITY
SUPPLEMENTARY REPORTS
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For The Fiscal Year Ended June 30, 2005**

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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

Honorable Mayor and
Members of the City Council
West Valley City
West Valley City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2005, which collectively comprise West Valley City's basic financial statements and have issued our report thereon dated November 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Valley City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect West Valley City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying *Schedule of Findings and Questioned Costs* as finding #1 - Grants Fund Issues.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of West Valley City in the accompanying *Schedule of Findings and Questioned Costs*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Valley City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City in the accompanying *Schedule of Findings and Recommendations*.

This report is intended for the information and use of the Mayor, City Council and management of West Valley City, the Utah State Auditor's Office, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Jensen & Keddington

November 4, 2005



**REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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West Valley City
West Valle City, Utah

Compliance

We have audited the compliance of West Valley City with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal program for the year ended June 30, 2005. West Valley City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Valley City's management. Our responsibility is to express an opinion on West Valley City's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Valley City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Valley City's compliance with those requirements.

In our opinion, West Valley City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of West Valley City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Valley City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City as of and for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise West Valley City's basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Mayor, City Council and management of West Valley City, the Utah State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tenson & Keddington

November 4, 2005

WEST VALLEY CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2005

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Program:			
Section 8 Housing Assistance Payments Program	14.195	DEN-2482-012-E	\$ 2,948,563
Community Development Block Grant - Entitlement	14.218	B-03-MC-49-0008	1,166,301
Economic Development Grant	11.300	B-04-SP-UT-0800	149,115
Total U.S. Department of Housing and Urban Development			4,263,979
U.S. Department of Justice			
Direct Program:			
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0127	8,515
Weed and Seed	16.595	2002-WS-QX-0022	206,331
Bulletproof Vest Grant	16.607	2002-BUB-X02008717	8,945
COPS - in Schools	16.710	2002-SHW-X0214	295,766
Violence Against Women	16.588	2001-WE-BX-0011	277,619
Community Gun Grant	16.541	2002-GP-CX-0011	40,000
ATF PSN Grant	16.609	2003-GP-CX-0199	106,279
Project Safe Neighborhood	16.609	2003-GP-CX-0531	207,647
HIDTA Police Grant	16.728	I3PRMP589	13,063
Total Direct Programs			1,164,165
Pass Through the State of Utah:			
Title V	16.548	2P.07	12,812
Weapons of Mass Destruction	16.565		84,164
Victims Advocate	16.575	03-VOCA-59	73,324
Violence Against Women	16.590	03-VOCA-39	36,241
Homeland Security Grant	16.007		98,908
Health and Fitness Grant	16.007		11,242
PSN Media Grant	16.609	2002-GP-CX-0127	51,833
Emergency Management Grant	16.615	EMW-2004-FG-17970	56,524
Total Pass Through			425,048
Total U.S Department of Justice			1,589,213

See accompanying notes to the Schedule of Expenditures of Federal Awards.

WEST VALLEY CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2005

U.S. Department of Treasury

Direct Program:			
G.R.E.A.T Grant	21.013	ACT-000141	<u>\$ 11,155.00</u>
Total U.S. Department of Treasury			<u>11,155</u>

National Endowment for the Humanities

Direct Program:			
National Endowment for the Arts	45.026	03-5500-3107	<u>10,000</u>
Total U.S. Department of Homeland Security			<u>10,000</u>

U.S. Department of Education

Direct Program:			
Fund for the Improvement of Education	84.215	U215K030358	<u>63,400</u>
Total U.S. Department of Education			<u>63,400</u>
Total Federal Financial Assistance			<u><u>\$ 5,937,747</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

WEST VALLEY CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. *General* - the *Schedule of Expenditures of Federal Awards* presents the activity of all federal awards of West Valley City. Federal awards received directly from federal agencies as well as federal awards passed-through other governmental agencies are included on the *Schedule of Expenditures of Federal Awards*.
2. *Basis of Accounting* - The *Schedule of Expenditures of Federal Awards* is presented using the modified accrual basis of accounting.



Jensen & Keddington, P.C.

Certified Public Accountants

**AUDITOR'S REPORT ON STATE OF UTAH
LEGAL COMPLIANCE**

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

Honorable Mayor and
Members of City Council
West Valley City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Valley City, for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005. As part of our audit, we have audited West Valley City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance program from the State of Utah:

B&C Road Funds (Department of Transportation)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts
- B & C Road Funds
- Other General Compliance Issues
- Uniform Building Code Standards
- Impact Fees

The management of West Valley City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the *Schedule of Findings and Questioned Costs*. We considered these instances of noncompliance in forming our opinion, which is expressed in the following paragraph.

In our opinion, West Valley City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Jensen & Keddington

November 4, 2005

**WEST VALLEY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of West Valley City.
2. There was one reportable condition disclosed during the audit of the basic financial statements that is reported in this schedule.
3. No instances of noncompliance material to the basic financial statements of West Valley City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of internal control over the major federal award program are reported in this schedule.
5. The auditor's report on compliance for the major federal award program for West Valley City expressed an unqualified opinion.
6. There are no audit findings relative to the major federal award programs.
7. The following programs were tested as a major program: HUD Community Development Block Grant, CFDA # 14.218, and Project Safe Neighborhood Grant, CFDA # 16.609.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. West Valley City does qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS

1. Grants Fund Issues (Reportable Condition)

Finding

The Grants Fund has been established by the City to account for all governmental funds grant proceeds and associated expenditures. The Grants Fund (Fund) is designed to have minimal income or loss since all grant revenues should equal grant expenditures. We observed that the City does have internal control policies to reconcile all individual grant revenues with individual grant expenditures; however, the reconciliation process was not properly performed because the grants accounts receivable was not considered during the reconciliation process. We also observed that the City does not have in place internal control processes to monitor and adjust the restricted cash and accounts receivable associated with the various grants.

We noted the following problems during our audit of the Grants Fund:

- As of the end of the year, the Grants Fund had a total of \$146,397 from two restricted cash investment accounts that appear to have been spent during the year, and in a prior year. These restricted cash accounts should have been moved to the operating cash account of the Grants Fund.
- We noted that the City was unable to provide a complete listing of the balances and amounts which comprised the accounts receivables for the Grants Fund at year end. We observed that the City does not have in place internal controls to perform, on a regular basis, a reconciliation of the balances in the Grant's accounts receivables.

WEST VALLEY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

B. FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS (Continued)

1. Grants Fund Issues (Reportable Condition) (Continued)

Finding (Continued)

- At the start of the audit, we observed the Grants Fund had a net income of approximately \$82,000 (it should have been \$0) which was due to the CDBG grant revenues not properly being reconciled to the grant expenses. Adjustment was made during the audit.

During our auditing procedures, we observed that the grants appear to have been properly tracked and expended by the individual departments of the City. The above issues occurred when the expenditures were moved to the Grants Fund and with the recording of the related revenues, account receivables, and deferred revenues.

Similar findings were noted in the prior three years' audit reports.

Recommendation

We recommend that the City implement procedures to ensure that the internal control policy of reconciling grant revenues with grant expenditures functions properly. At year-end, the City should review all grants to ensure that all grant revenues have been properly accrued and are reconciled both to the fund total and individual accounts. The City should implement policies to periodically review the restricted cash accounts and grants accounts receivables.

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAM

None

D. FINDINGS - STATE OF UTAH LEGAL COMPLIANCE (Immaterial Instances of Noncompliance)

2. Expenditures In Excess Of Budget

Finding

During our audit we noted the Park Impact Fee Fund had expenditures in excess of their budgeted appropriations in the amount of \$21,517. The Utah State Code 10-6 states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund." A similar finding was noted in the prior year's audit report.

Recommendation

We recommend the City closely monitor expenditures in all departments and funds to ensure compliance with the Utah State Code.

3. Justice Court – Surcharge Remittance

Finding

During our audit procedures, we tested the accumulation of surcharges to the monthly collections summary report and then to the monthly amount submitted to the State of Utah, which is required to be received by the 10th of the following month. We noted that the report and collections were not remitted to the State by the 10th of the following month in 7 of 12 months during the year.

Recommendation

We recommend the City's Justice Court closely monitor the due date of the reports and remittance required for the State surcharges, to ensure that monies collected are reported and remitted within the State's prescribed guidelines.

WEST VALLEY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

D. FINDINGS - STATE OF UTAH LEGAL COMPLIANCE (Immaterial Instances of Noncompliance)
(Continued)

4. Justice Court – Dismissals

Finding

The Justice Court is required to obtain and retain documentation to support a dismissal, suspension, or credit granted by the Court. In one out of 25 cases tested, proper documentation was not available to support the dismissal. An appropriate reason or explanation for the dismissal was also not provided.

Recommendation

We recommend that the City obtain and retain supporting documentation to support all the dismissals granted pursuant to judicial order and Utah State Code.

5. Negative Fund Balance/Net Assets

Finding

The City had deficit fund balances or net assets in the following funds: Fitness Center Fund in the amount of \$1,354,416, Hale Theatre Fund in the amount of \$75,983, E Center Fund in the amount of \$765,477, Cultural Center Fund in the amount of 416,151, Stonebridge Golf Course Fund in the amount of \$2,300,406, and Ambulance Fund in the amount of \$20,276. The Utah State Code 10-6-117 requires the City to maintain a positive fund balance and net assets in all funds. A similar finding was noted in the prior year's audit report.

Recommendation

We recommend that the City work to reverse these fund and net asset deficits and comply with Utah State Code 10-6-117 on positive fund balances and net assets.

WEST VALLEY CITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

2004 #1 Grants Fund Issues (Reportable Condition)

Finding

The Grants Fund has been established by the City to account for all grant proceeds and associated expenditures. The Grants Fund (Fund) is designed to have minimal income or loss since all grant revenues should equal grant expenditures. We observed that the City does have internal control policies to reconcile all individual grant revenues with individual grant expenditures; however, the reconciliation process was not properly performed. We also observed that the City does not have in place internal control processes to monitor the restricted cash, accounts receivable or deferred revenues associated with the various grants.

We noted the following problems during our audit of the Grants Fund:

- At the start of the audit, we observed the Grants Fund had a net income of approximately \$312,000 (it should have been approximately \$0) which was due to various grant revenues not properly being accrued, grant expenditures being moved to the Grants Fund in excess of the revenues to be received, expenditures that should not have been move to the Grants Fund, failure to reverse prior year account receivable accruals, and failure to accrue the current year grant receivables.
- We noted that approximately \$307,000 of prior the year accounts receivable balances were received during the year and recorded as revenue, instead of reducing the accounts receivable balance. This overstated the accounts receivable balance during the year.
- A year end accrual was done for about \$49,000 to recognize revenue and to set up an accounts receivable. Approximately six weeks later a duplicate accrual was done. The duplication error was not caught until the audit. The City's year end reconciliation process did not catch this error.
- As of the end of the year, the Grants Fund had about \$270,000 in the restricted cash investment accounts that appears to have been spent in prior years. This restricted cash amount should have been moved to the operating cash account of the Grants Fund. There does not appear to be a policy in place to periodically review the restricted cash accounts to determine if the restricted funds have been spent.
- We observed that approximately \$92,000 of the prior year accounts receivable balance was received and recorded as deferred revenue, instead of reducing the accounts receivable balance. This overstated the accounts receivable balance and deferred revenue account during the year.
- The deferred revenue account for the housing loans was overstated by approximately \$240,000. The amortization account of the down payment assistance loans was recorded to another fund. There was no year end reconciliation done to ensure that the total down payment assistant loans properly matched the corresponding deferred revenue account.

As part of the audit, the grant accounts were adjusted to their proper balances. During our auditing procedures, we observed that the grants appear to have been properly been tracked and expended by the individual departments of the City. The above issues occurred when the expenditures were moved to the Grants Fund and with the recording of the related revenues, account receivables, and deferred revenues. Similar findings were noted in the prior two years' audit reports.

Recommendation

We recommend that the City implement procedures to ensure that the internal control policy of reconciling grant revenues with grant expenditures functions properly. When the reconciliation process shows differences, the difference amounts should be investigated instead of moved to other accounts. At year-end, the City should review all grants to ensure that all grant revenues have been properly accrued. The City should implement policies to periodically review the restricted cash accounts, accounts receivables, and deferred revenue accounts.

WEST VALLEY CITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

2004 #1 Grants Fund Issues (Reportable Condition) (Continued)

Current Status

The City has not resolved these issues, a similar finding was noted in the current year.

2004 #2 Expenditures In Excess Of Budget

Finding

During our audit we noted the following funds had expenditures in excess of their budgeted appropriations in the Redevelopment Agency Fund in the amount of \$754,484, and the Cultural Celebration Center Fund in the amount of \$31,200. The Utah State Code 10-6 states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund." A similar finding was noted in the prior year's audit report.

Recommendation

We recommend the City closely monitor expenditures in all departments and funds to ensure compliance with the Utah State Code.

Current Status

The City has not resolved this issue; a similar finding was noted in the current year.

2004 #3 Justice Court – Surcharges Accumulations

Finding

During our audit procedures, we tested the daily accumulation of surcharges to the monthly collections summary report and then to the monthly amount submitted to the State of Utah. We noted that the daily summary sheets did not agree to the monthly collections summary report for each of the 12 months in the sample. The difference appears to be the result of the City not closing the month's activity at month end. A similar finding was noted in the prior year's audit report.

Recommendation

We recommend the City's Justice Court contact Caselle (the Court's software provider) and request the capability of the computer system to print off a report that will support the total for the month, and in turn support the amount submitted to the State of Utah. We also recommend that the books be closed each month in a timely manner. The books should be closed at month end and then any adjustments made to the cases should be recorded in the current month. This will ensure the computer is generating the correct surcharge amounts in the monthly summary report and submitting and disbursing the correct amounts to the State.

Current Status

The City appears to have resolved this issue.

2004 #4 Justice Court – Dismissals

Finding

The Justice Court is required to obtain and retain documentation to support a dismissal, suspension, or credit granted by the Court. In one out of 25 cases tested, proper documentation was not available to support the dismissal. An appropriate reason or explanation for the dismissal was also not provided.

Recommendation

We recommend that the City obtain and retain supporting documentation to support all the dismissals granted pursuant to judicial order and Utah State Code.

Current Status

The City has not resolved this issue; a similar finding was noted in the current year.

WEST VALLEY CITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS (Continued)

2004 #5 Negative Fund Balance/Net Assets

Finding

The City had deficit fund balances or net assets in the following funds: Fitness Center Fund in the amount of \$1,238,348, E Center Fund in the amount of \$242,029, Cultural Center Fund in the amount of 423,125, and Stonebridge Golf Course Fund in the amount of \$2,174,775. The Utah State Code 10-6-117 requires the City to maintain a positive fund balance and net assets in all funds. A similar finding was noted in prior year's audit report.

Recommendation

We recommend that the City work to reverse these fund balances and net asset deficits and comply with Utah State Code 10-6-117 on positive fund balances and net assets.

Current Status

The City has not resolved this issue; a similar finding was noted in the current year.



WEST VALLEY CITY
Unity • Pride • Progress

**RESPONSES TO FINANCIAL AND GOVERNMENTAL AUDITING
STANDARDS FINDING AND STATE LEGAL COMPLIANCE FINDINGS
FOR YEAR ENDED JUNE 30, 2005**

Finding:

Grant reconciliation process not consistently or properly performed; inadequate internal controls over restricted cash and accounts receivable.

Response:

The City has internal controls and procedures to address the issues in the finding, including reconciliation of restricted cash, accounts receivable, and matching of grant revenues and expenditures. The controls and procedures were partially, but not adequately followed. The controls in place, to the extent they were applied, reduced the number and scale of incidents of noncompliance. Total compliance with the City's internal controls is being emphasized at all levels; incidents such as those noted in the auditors' finding should be minimized.

Finding:

Expenditures in excess of budget for the Park Impact Fee Fund.

Response:

City policy has been amended to require disclosure of funding sources with proposed City projects. This disclosure includes notification of the City's budget office and request for budget openings as required before projects commence. Emphasis is also being placed on comprehensive use of purchase orders to encumber project budgets.

Finding:

Justice Court monthly surcharge accumulations should be remitted to the State of Utah by the 10th of the following month. For 7 of 12 months the required report and surcharge collections were not remitted by the 10th of the following month.

Response:

Justice Court staff are being made aware of the importance of timely transmittal of reports and surcharge remittances. The City's Finance Department staff are requesting that the Justice Court provide reports and surcharge remittances promptly at the end of each month to allow time for processing and transmittal to the State of Utah in a timely manner.

Finding:

The Justice Court is required to retain documentation to support any dismissal, suspension, or credit granted by the Court. In one of 25 cases, proper documentation was not available to support a dismissal.

Response:

The courts have been instructed to provide and retain documentation for all case dismissals.

Finding:

The City had negative fund balances for the following funds: Fitness Center Fund, Hale Theatre Fund, E Center Fund, Cultural Center Fund, Stonebridge Golf Course Fund, and Ambulance Fund. State Code requires a positive fund balance in all funds.

Response:

The City is reviewing operations, including fee structures and other revenue sources, as well as cutting operating costs wherever possible without impairing these facilities' ability to serve the public. The City anticipates providing operating transfers to these funds to eliminate current year-end deficits, and is implementing a plan to reduce the existing negative fund balances over the next four to five years.

